



GOENKA
DIAMOND & JEWELS LIMITED



ANNUAL REPORT
2011 - 2012

22nd Annual Report 2011-2012

Board of Directors

Mr. Nandlal Goenka
Chairman

Mr. Navneet Goenka
Vice Chairman and Managing
Director

Mr. Nitin Goenka
Managing Director

Mr. Vijay Kalantri
Independent Director

Mr. D. R. Mehta
Independent Director

Mr. C. D. Arha
Independent Director

Company Secretary
Kalpana Regunta

Registered Office

401, Panchratna, M. S. B. Ka Rasta,
Johari Bazar, Jaipur-302003
Telephone: + 91 141 2574175
Facsimile : + 91 141 2573305

Corporate Office

1305, Panchratna Building, Mama Parmanand
Marg, Opera House, Girgaon Division, Street No.
184, Mumbai - 400 004
Telephone: + 91 22 43667000
Facsimile : + 91 22 43676020
Email : cs@goenkadiamonds.com
Website : www.goenkadiamonds.com

Joint Auditors

M/s. B. Khosla & Co.
Chartered Accountants

M/s. Haribhakti & Co.
Chartered Accountants

Bankers

Punjab National Bank
Punjab & Sindh Bank
State Bank of India
Axis Bank
Corporation Bank
UCO Bank
Central Bank of India

Registrar and Transfer Agents

Karvy Computershare Pvt Ltd
Plot no.17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad - 500 081
Telephone : +91 40 44655000
Facsimile : +91 40 23420814
Website : www.karvy.com

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

22nd Annual General Meeting

Thursday, September 27, 2012 at 11.00 a.m. at Royal Court, Country Inn
& Suites by Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001



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Visit us at www.goenkadiamonds.com

Brief profile of our Directors



Mr. Nand Lal Goenka, is the Chairman of our Company. He is the founder member of our Company and has been with our Company as a Director since the time of incorporation. On October 28, 2002, he was appointed as a Whole Time Director and on April 15, 2008, he was appointed as the Chairman of our Company till March 31, 2013. He holds a graduate degree in chemicals from Rajasthan University, Jaipur. Mr. Nand Lal Goenka has over 40 years of experience in the jewellery export, retail and designing business. Mr. Nand Lal Goenka was honoured with 'National Unity Award' by the Governor of Rajasthan on June 26, 1993 for outstanding services, achievements and contributions at the 34th All India National Unity Conference in Jaipur. Mr. Nand Lal Goenka was also the first jeweller whose achievements in the gems and jewellery sector were featured in national television in 1992, in a programme titled - "The Face in the Crowd". Mr. Goenka was the vice president of Federation of Rajasthan Trade and Industry, which consists of 160 trade associations as its members. As the founder member of our Company, Mr. Nand Lal Goenka is in charge of planning and executing the growth strategy of our Company. He also looks after the general administration of our Company and is in charge of procuring raw materials required by our Company.



Mr. Navneet Goenka, is the Vice-Chairman and Managing Director of our Company. He was appointed as an additional Director of our Company on December 9, 1994 and appointed as Director of our Company in the AGM of our Company dated September 29, 1995. On October 28, 2002, he was appointed as a Whole Time Director of our Company and on April 15, 2008, he was appointed as the Vice-Chairman and managing Director of our Company till March 31, 2013. He is a commerce graduate from the Mumbai University and has a graduate diamonds diploma from the Gemological Institute of America, New York. Mr. Navneet Goenka has approximately 18 years of experience in the jewellery export, retail and designing business. He had joined our Company at a very young age and has been contributing to its growth since then. He is the chief financial officer of our Company and also heads the export-import department and the production activities of our Company. Further, Mr. Navneet Goenka also takes care of the all the matters relating to the Subsidiary of our Company.



Mr. Nitin Goenka, is the Managing Director of our Company. He was appointed as an Additional Director of our Company on April 1, 2002 and appointed as Director of our Company in the AGM dated September 30, 2002. On October 28, 2002, he was appointed as a Whole Time Director and on April 15, 2008, he was appointed as the Managing Director of our Company till March 31, 2013. He holds Bachelor's in Business Administration from Pace University, New York with majors in Management Information System and Retail Marketing. He also holds a diploma in diamond grading and jewellery designing from Gemological Institute of America, New York. Mr. Nitin Goenka has over 10 years of experience in the jewellery export, retail and designing business. He had joined our Company very early and has been contributing to its growth since then. Mr. Nitin Goenka is in charge of promotions, branding, jewellery production and designing departments of our Company.



Mr. Vijay G. Kalantri, is a Non Executive Independent Director of our Company. He has been appointed as the Non Executive Independent Director of our Company on July 31, 2009. He holds Government Commercial Diploma and Textile Diploma from Synthetic and Art Silk Mills Research Association, Mumbai. He is an industrialist and has over 40 years of experience in textiles, leasing finance and infrastructure development. He is the President of All India Association of Industries, Indian Council of Foreign Trade, Indo-Polish Chamber of Commerce and Industry. He is also a member of various committees of Reserve Bank of India such as Standing Committee of Small Scale Industries, Exchange Control Committee, All India Export Advisory Committee and also a member of Steel Consumer Council, Bombay Stock Exchange Derivatives Council Board, Advisory Board of Corporate Governance Committee of SEBI and Central Council of Customs and Exercise. He is also on the national advisory board member for Small Industrial and Development Bank of India and Employees State Insurance Corporation. He also served as director of many institutions such as the Maharashtra Small Scale Industries Development Corporations Limited, Dena Bank and Canara Bank. He also won "Commander Cross of the Order Of Merit" the highest civilian award by the government of Poland.



Mr. D. R. Mehta, is a Non Executive Independent Director of our Company. He has been appointed as the Additional Director of our Company on May 30, 2012. He is a retired civil servant. He joined the Indian Administrative Services (IAS) in 1961 and held various responsible positions in the Government of Rajasthan and Government of India. He was the secretary to Government of Rajasthan dealing with various departments in different times; he was Secretary Industries; Secretary Mines; Secretary to Chief Minister etc in Rajasthan. In GOI he was Controller of Capital Issues, Additional Secretary Banking in the Ministry of Finance. He was also the Chief Controller of Imports and Exports of the Director General of Foreign Trade, Ministry of Commerce, Government of India. Then he took over as the Deputy Governor of the Reserve Bank of India (1992-95)(RBI). Subsequently, he became the Chairman of Securities & Exchange Board of India (SEBI), the regulator for the capital market in India from 1995-2002. He is an alumnus of Rajasthan University, Jaipur, Royal Institute of Public Administration, London and Alfred Sloan School of Management M.I.T., Boston, USA. He is a Director on the Board of Alfred Sloan School of Management of MIT for Europe, Asia and Africa. On the social side, Mr. D. R. Mehta is the Founder & Chief Patron of Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS) Jaipur. He set up BMVSS in 1975, and has, over time, developed it to become the largest organization for handicapped in the world, by now, providing more than 1.25 million beneficiaries handicapped with artificial limbs / calipers and other aids and appliances, giving them mobility and dignity. On 26th of Jan 2008 the Government of India honored Mr. D. R. Mehta by conferring on him the prestigious National Award "Padma Bhushan" for his social services.



Mr. C. D. Arha, is a Non Executive Independent Director of our Company. He has been appointed as the Non Executive Independent Director in casual vacancy of our Company on May 30, 2012. He started his career in the year 1968-69 as Probationer at Mussorie. He has 10 years experience in Legal Department as a Magistrate from 1969-78. In 1978-81 he has worked as a Spl. Secretary under Dept of Industries. He has also worked in Food Corporation of India, Rajasthan as a Senior Regional Manager in the Year 1981-84. He held post of Commissioner, Civil Supplies, A.P & Ex- officio- Secretary, Food & Agriculture, for four years. He worked under FAO of UN, Rome for the year 1987-90. He became a Joint Secretary under Ministry of Home Affairs, GOI New Delhi for the period of 5 Years till 1996. He became his First Chairman & Managing Director, A.P. State Financial Corporation in the Year 1996-97. He became Prl. Secretary under Govt. of A.P for 2 years till the year 1999. He has been appointed as a Addl. Secretary & Special Secretary of Ministry of Coal, GOI in the year 1999-2002. He worked as a Secretary under Ministry of Mines till 2005. On 15th November, 2005 he appointed as a Chief Information Commissioner, A.P information Commission, Hyderabad (under RTI act, 2005).

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of **GOENKA DIAMOND AND JEWELS LIMITED (“the Company”)** will be held on Thursday, September 27, 2012 at 11.00 a.m. at Royal Court, Country Inn & Suites by Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001 to transact the following businesses:

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at March 31, 2012, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. Vijay Kalantri, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. C. D. Arha, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s Haribhakti & Co., and M/s. B. Khosla & Co., Chartered Accountants, as the Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. **To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION**

“**RESOLVED THAT**, Mr. D. R. Mehta who was appointed by the Board of Directors of the Company as an Additional Director with effect from May 30, 2012 and who in terms of Section 260 of the Companies Act, 1956 read with the Company's Articles of Association hold such office until the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice from the members of the Company proposing his candidature for the office of Director, be and is hereby appointed as Director the Company.”

7. **To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION**

“**RESOLVED THAT** pursuant to the provisions of Article 3 of the Articles of Association of the Company and Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendments thereto or re-enactment thereof) and subject to such approvals, consents, permissions and sanctions, if any, as may be required from any authority, the consent of the shareholders of the company be and is hereby accorded for sub-dividing the equity shares of the Company, including the paid-up shares, such that each existing equity share of the Company of the face value of ₹ 10/- (Rupees Ten) each be sub-divided into Ten equity shares of the face value of ₹ 1/- (Rupee One) each.”

“**RESOLVED FURTHER THAT** pursuant to the sub-division of the equity shares of the Company, the Authorized, issued, subscribed and paid up equity shares of face value ₹ 10 /- (Rupees Ten) each, shall stand sub-divided into equity shares of face value of ₹ 1/- (Rupee One) each, fully paid-up.”

“**RESOLVED FURTHER THAT** the Board and/or Company Secretary of the Company be and is hereby authorised to do, perform and execute all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give effect to this resolution including but not limited to fixing of the record date as per the requirement of the Listing Agreement, execution of all necessary documents with the Stock Exchanges and the Depositories, also Registrar and Transfer Agent of the Company, Reserve Bank of India and/or any other relevant statutory authority, if any, cancellation or rectification of the existing physical share certificates in lieu of the old certificates and to settle any question or difficulty that may arise with regard to the sub-division of the equity shares as aforesaid or for any matters connected herewith or incidental hereto.”

8. **To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION**

“**RESOLVED THAT** pursuant to the provisions of Sections 16, and all other applicable provisions, if any, of the Companies Act, 1956, including amendments thereto or re-enactment thereof the consent of the shareholders of the Company is being accorded for alteration of the Memorandum of Association of the Company as follows:

The existing Clause V of the Memorandum of Association of the Company be deleted by substitution in its place and instead the following clause as new Clause V:

V The Authorized Share Capital of the Company is ₹ 33,00,00,000/- (Rupees Thirty Three Crores Only) divided into 33,00,00,000 (Thirty Three Crores) Equity Shares of ₹ 1/- (Rupee One) each.



GOENKA DIAMOND AND JEWELS LIMITED

"RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorised to do perform and execute all such acts, matters, deeds and things as it may consider necessary, expedient, usual or proper to give effect to this resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and for any matters connected herewith or incidental hereto."

Registered office:

By Order of the Board of Directors

401, Panchratana,
Moti Singhbhomiya Ka Rasta,
Johari Bazar,
Jaipur-302003

Kalpna Regunta
Company Secretary

Date: August 13, 2012

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- The instrument appointing a proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
- Members/ Proxies should fill the Attendance Slip for attending the meeting.
- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
- Brief resume of the directors seeking re-election is annexed herewith.
- Shareholders are requested to bring their copy of Annual Report to the Meeting.
- Members who hold their shares in dematerialized form are requested to write their client ID and DP ID number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- In case of joint holders attending the Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- The Register of Members and Share Transfer books of the Company will remain closed from Thursday, September 20, 2012 to Thursday, September 27, 2012 (both days inclusive).
- While members holding shares in physical form may write to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited) for any changes in their addresses and bank mandates, members holding shares in electronic form may inform the same to their Depository Participants.
- Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- Consequent to the introduction of Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited).

Registered office:

By Order of the Board of Directors

401, Panchratana,
Moti Singhbhomiya Ka Rasta,
Johari Bazar,
Jaipur-302003

Kalpna Regunta
Company Secretary

Date: August 13, 2012

In order to improve the corporate contribution to the environment, the Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by Companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011, respectively. Accordingly, your Company proposes to henceforth effect electronic delivery of communication /documents including the Annual Reports and such other necessary communication / documents from time to time to the Members, who have provided their e-mail address to their Depository Participant (DP)/ Company as the case may be. Members who wish to inform any changes of their e-mail addresses, are requested to promptly update / change the same with their DP, from time to time. Members holding shares in physical form and who are desirous of receiving the communication /documents in electronic form, are requested to please promptly inform their e-mail address to the Company. A separate communication to this effect has already been issued earlier.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.6:

Mr. D. R. Mehta was appointed as an Additional Director of the Company during the period pursuant to Section 260 of the Companies Act, 1956. Mr. D. R. Mehta will hold office as an Additional Director up to the date of this Annual General Meeting. The Company has received a Notice in writing from a member proposing the candidature of Mr. D. R. Mehta for the office of the Director of the Company under the provision of Section 257 of the Companies Act, 1956.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. D. R. Mehta is appointed as Director of the Company

Your Director, therefore, recommends the Resolution for your approval

Except, Mr. D. R. Mehta none of the Directors are, in any way, concerned or interested in this Resolution.

Item No. 7.

The shareholders of the Company are already aware that the equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange (BSE) and the shares are being actively traded on NSE and BSE.

The market price of the shares of the Company has witnessed significant spurt over its offered price. In order to improve the liquidity of the Company's shares at the stock exchanges and to make it affordable to the small investors, the Board of Directors of the Company ("the Board") at their meeting held on August 13, 2012, considered it desirable to sub-divide the nominal value of the Equity Share Capital (Authorized, Issued and Paid-up) of the Company.

The shareholders may please note that presently the nominal value of the equity shares of the Company is ₹ 10/- per share and consequent upon the sub-division it is being divided into 10 (Ten) equity shares of ₹ 1/- each. The date on which this sub-division would become effective, will be decided by the Board after obtaining the shareholders approval, which will be notified through the Stock Exchanges.

As per the provisions of Section 94 of the Companies Act, 1956, approval of the Shareholders is required for sub-division of shares. Therefore, the said resolution is being put up before you for your approval.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way interested in the Resolution, except of their shareholding and the shareholding of their relatives in the Company.

Item No. 8:

The existing Clause V of Memorandum of Association specifies the present Authorised Share Capital of your Company. In view of sub-division in the par value of the equity shares from ₹ 10/- per share to ₹ 1/- per share, the present Clause V of the Memorandum of Association is required to be altered to reflect the sub-division of the equity shares.

A copy of the existing Memorandum and Articles of Association as well as the specimen of the amended Memorandum and Articles of Association of the Company is available for inspection by members at the Corporate Office of the Company on any working day during working hours between 11a.m. to 1 p.m.

As per the provisions of Section 16 of the Companies Act, 1956, approval of the Shareholders is required for amending the Memorandum of Association. Accordingly this resolution is being put before the shareholders for their permission on the same.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way interested in the Resolution, except to the extent of their shareholding and the shareholding of their relatives in the Company.



GOENKA DIAMOND AND JEWELS LIMITED

In compliance of Code of Corporate Governance and Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of the directors seeking re-appointment at the 22nd ANNUAL GENERAL MEETING is provided hereunder:

Name	Mr. D. R. Mehta	Mr. Vijay G. Kalantri	Mr. C. D. Arha
Date of Birth	25.06.1937	05.01.1949	02.07.1945
Date of appointment	30.05.2012	31.07.2009	30.05.2012
Qualifications	B.A., L.L.B. from Rajasthan University. He also studied at Royal Institute of Public Administration, London, UK and the MIT Sloan School of Management.	G.C.D. & Textile Diploma	B.A (Honours) degree from, St. Stephens College, Delhi, M.A. History, Diplomas in Management & Administration of Rural Development, Institute of Local Self Government, University of Birmingham, UK
Expertise in specific functional areas	<p>He is a retired civil servant. He joined the Indian Administrative Services (IAS) in 1961 and held various responsible positions in the Government of Rajasthan and Government of India. He was the secretary to Government of Rajasthan, he was Secretary Industries; Secretary Mines; Secretary to Chief Minister etc in Rajasthan. In Government of India he was Controller of Capital Issues, Additional Secretary Banking in the Ministry of Finance. He was also the Chief Controller of Imports and Exports. Then he took over as the Deputy Governor of the Reserve Bank of India (1992-95)(RBI). Subsequently, he became the Chairman of Securities & Exchange Board of India (SEBI), from 1995-2002. He is an alumnus of Rajasthan University, Jaipur, Royal Institute of Public Administration, London and Alfred Sloan School of Management M.I.T., Boston, USA. On the social side, He is the Founder & Chief Patron of Bhagwan Mahaveer Viklang Sahayata Samiti (BM-VSS) Jaipur. On 26th of Jan 2008 the Government of India honored him by conferring on him the prestigious National Award "Padma Bhushan" for his social services.</p>	<p>He is the President of All India Association of Industries, Indian Council of Foreign Trade, Indo-Polish Chamber of Commerce and Industry. He is also a member of various committees of Reserve Bank of India such as Standing Committee of Small Scale Industries, Exchange Control Committee, All India Export Advisory Committee and also a member of Steel Consumer Council, Bombay Stock Exchange Derivatives Council Board, Advisory Board of Corporate Governance Committee of SEBI and Central Council of Customs and Exercise. He has been appointed as the non executive Director of our Company on July 31, 2009. He holds Government Commercial Diploma and textile diploma from Synthetic and Art Silk Mills Research Association, Mumbai. He is an industrialist and has over 40 years of experience in textiles, leasing finance and infrastructure development. He is also on the national advisory board member for Small Industrial and Development Bank of India and Employees State Insurance Corporation. He also served as director of many institutions such as the Maharashtra Small Scale Industries Development Corporations Limited, Dena Bank and Canara Bank. He also Won "Commander Cross Of the Order Of Merit "the highest civilian award by the government of Poland.</p>	<p>He started his career in the year 1968-69 as Probationer at Mussorie. He held different positions in 10 years ranking from Asst. Collector, Sub-Collector to Collector & Dist. Magistrate in Andhra Pradesh. In 1978-81 he has worked as a Spl. Secretary under Dept of Industries. He has also worked in Food Corporation of India, Rajasthan as a Senior Regional Manager in the Year 1981-84. He held post of Commissioner, Civil Supplies, A.P & Ex-officio- Secretary, Food & Agriculture, for four years. He worked under FAO of UN, Rome for the year 1987-90. He also held position of Commissioner Civil Supplier, Ex Office Secretary to Govt. Food & Agriculture, Govt. of A. P. He became a Joint Secretary under Ministry of Home Affairs, GOI New Delhi for the period of 5 Years till 1996. He became his First Chairman & Managing Director, A.P. State Financial Corporation in the Year 1996-97. He became Prl. Secretary under Govt. of A.P for 2 years till the year 1999. He has been appointed as a Addl. Secretary & Special Secretary of Ministry of Coal, GOI in the year 1999-2002. He worked as a Secretary under Ministry of Mines till 2005. On 15th November, 2005 he appointed as a Chief Information Commissioner, A.P information Commission, Hyderabad (under RTI act, 2005).</p>

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Directorship held in other public companies	<ol style="list-style-type: none"> 1. Poly Medicure Limited; 2. Jain Irrigation Systems Limited; 3. JMC Projects (India) Limited; 4. Atul Rajasthan Date Palms Limited; 5. Glenmark Generics Limited; 6. Glenmark Pharmaceuticals Limited; 7. Spice Retail Limited; 8. S Mobility Limited; 9. G.M. Modi Hospitals Corporation Private Limited; 10. Gandhi Research Foundation; 	<ol style="list-style-type: none"> 1. Balaji Infra Projects Limited; 2. Hindustan Housing Finance & Development Corporation Limited; 3. All India Association of Industries; 4. Vindhyachalhydro Power limited; 5. V I P Industries Limited; 6. Dighi Port Limited; 7. Bowling and Billiards Association of India; 8. Indo Polish Chamber of Commerce & industries; 9. Indo Mauritius Chamber of Commerce & Industries; 10. Zicom Electronic Security Systems Limited; 11. Shree Ram Urban Infrastructure Limited; 12. Sab Industries Limited; 13. Dighi Project Development Company Limited; 14. S Kumars Nationwide Limited; 15. Courier Publication Private Limited; 16. M. Visvesvaraya Industrial Research and Development Centre; 17. Dighi Rail Infrastructure Limited; 18. Dighi Terminals Private Limited; 19. Gannon Dunkerly and Company Limited; 20. Dighi Logistics Private Limited; 21. Brand House Retails Limited; 	<ol style="list-style-type: none"> 1. AnandRathi Financial Services limited; 2. Emani Cement Limited; 3. Taj GVK Hotels & Resorts Limited; 4. ACB (India) Limited; and 5. Western Estates Private Limited;
Chairmanship/ Membership of Committees of the Public Companies (includes only Audit, and Shareholders' / Investors' Grievance Committee)	<p>JMC Projects (India) Limited;</p>	<ol style="list-style-type: none"> 1. VIP Industries Limited 2. Zicon Electronic Security System Ltd. 3. S. Kumars Nationwide Limited 4. Shree Ram Urban Infrastructure Ltd. 5. Branhouse Retails Ltd. 	<ol style="list-style-type: none"> 1. Emani Cement Limited; 2. Taj GVK Hotels & Resorts Limited;



GOENKA DIAMOND AND JEWELS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting before the members the Twenty Second Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2012.

Financial Highlights

(₹ In lacs)

	31.03.2012	31.03.2011
Sales and Other Income	54120.46	56499.76
Less: Expenses	51638.23	52027.91
Profit before tax and depreciation	2482.23	4471.85
Less: Depreciation	129.30	130.10
Net Profit/(Loss) before Tax	2352.93	4341.75
Less: Income tax and provision	305.45	82.26
Less: Deferred Tax	(10.70)	(35.16)
Less: Excess Provision of Income Tax W/back	4.46	(1.22)
Less: Reversal of Fringe Benefit Tax	-	-
Less: MAT Credit Entitlement	(25.00)	-
Profit/(Loss) after tax	2078.72	4295.87
Balance brought forward from previous year	12376.08	8448.64
Profit available for appropriation	14454.8	12744.50
Appropriation		
Issue of Bonus shares	-	-
General Reserve	-	-
Proposed Dividend on Equity shares	317.00	317.00
Tax on Proposed Dividend	51.43	51.43
Profit carried over to Balance Sheet	14086.37	12376.08
Earning per share	6.56	13.63

Turnover & Profits

The Directors wish to inform you that during the current financial year ended March 31, 2012, the sales and other income of the Company was ₹ 54120.46 lacs and during the previous year it was ₹ 56,499.76 lacs. The Net Profit before tax stood at ₹ 2,352.93 lacs as against ₹ 4,341.75 lacs in the previous year. The Net Profit after tax stood at ₹ 2,078.72 lacs as against ₹ 4,295.87 lacs in the previous year. Though there is a small decrease in sales and other income as compared to previous year mainly due to global slowdown and increasing dollar prices, the Company's performance including sales and margins is still better than many other major players in diamond industry.

Dividend

The Board, for the year ended March 31, 2012 has recommended a dividend of 10%. The payment of dividend is subject to the approval of shareholders at the Annual General Meeting and will be paid on 3,17,00,000 Equity Shares @ ₹ 1 per share.

IPO fund utilization

The detail of IPO proceeds which has been utilized by the Company is as given under. The Company has utilized a major portion of IPO proceeds for expansion as and when the correct opportunity and favorable market conditions were available. However, insignificant portion of the proceeds allocated for the expansion is left unutilized and the management of your Company has infused those funds in to various financial instruments for the investment purpose. The management has taken this step considering the fact that as and when the Company will require funds for expansion the requisite funds will be transferred from investment to expansion and till the time the shareholders money will fetch good returns which will be further helpful in future expansion and new projects of the Company.

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	Amount received from IPO	12650.85
Sr. No.	Particulars of proposed reallocated expenditure amount	₹ in lacs
1.	For expansion and establishment of new retails stores either by way of lease or outright purchase and increase in production capacity of Diamond and Jewellery manufacturing facilities & other general capexrequired for expansion.	1115.23
2.	Funding to subsidiaries and such entities by way of equity, capital, loans and advances or in any other manner	310.14
3.	Working Capital Requirement for business	8459.96
4.	General Corporate Purposes	218.37
5.	Issue Expenses	828.68
	Total	10932.38
	Unutilised Amount Represented by	
	Investment in Mutual Funds	1218.47
	Fixed Deposits	500.00

Subsidiary Company and Consolidated Financials

The Board is exempted from attaching the balance sheet of subsidiary company i.e. M. B. Diamonds, a Limited Liability Company, Russia, vide General Circular No.51/12/2007-CL-III dated February 8, 2011. Any Shareholder interested in obtaining copy of the financial statements of subsidiary company may write to the Company Secretary/Compliance Officer at the Corporate Office or Registered Office address of the Company.

Fixed Deposits

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

Related Party Transactions

Related party transactions have been disclosed in the notes on financial statements attached with this Annual Report.

Directors

During the year, there were changes in the Board of directors of your company.

The Board deeply regrets the passing away of Dr. A C Shah, Independent Director on January 16, 2012. He had been associated with the Company since July 31, 2009. As a member of the Board and the Chairman of the Audit Committee he lent his vast knowledge and experience to the Company. His presence and guidance will be greatly missed. Mr. C.D. Arha took his place in casual vacancy.

Mr. S.N. Sharma has voluntarily resigned from the Board of the Company on May 30, 2012. The Board places on record its gratitude for the services rendered by Mr. S.N. Sharma during his tenure as Independent Director of the Company.

Mr. D. R. Mehta was appointed as an Additional Director with effect from May 30, 2012 and holds office up to ensuing Annual General Meeting of the Company. The Company has received a Notice in writing from a member proposing the candidature of Mr. D. R. Mehta for the office of the Director of the Company under the provision of Section 257 of the Companies Act, 1956.

Mr. Vijay Kalantri and Mr. C.D. Arha Independent Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Brief resume of the directors to be re-appointed is given in the annexure to the notice convening the 22nd Annual General Meeting of the Company.

Directors' Responsibilities Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibilities Statement, your Directors hereby confirmed that:

- In the preparation of the annual accounts for the financial year ended March 31, 2012, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;



GOENKA DIAMOND AND JEWELS LIMITED

- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- c) The Directors had 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;
- d) The Directors had prepared the accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

Auditors

M/s. Haribhakti & Co., and M/s. B. Khosla & Co., Chartered Accountants, Joint Auditors of the Company hold office till the conclusion of this Annual General Meeting and are eligible for re-appointment. The company has received a letter from M/s. Haribhakti & Co., and M/s. B. Khosla & Co., Chartered Accountants to the effect that their reappointment as Joint Auditors, if made, would be within the limits under Section 224(1-B) of the Companies Act, 1956.

Auditors' Report

In respect of the observations made by Auditors in their report, your Directors wish to state that the respective Notes on Financial Statements are self-explanatory and do not call for further comments.

Particulars of Employees

There are no employees in the Company whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A. Conservation of Energy:

The Disclosure of particulars with respect of 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 effort 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:

The information regarding Foreign exchange earnings and outgo is contained in the note no. 27 and 28 of Notes on Financial Statements.

Acknowledgement

Your Directors place on record their gratitude to the Central Government, State Governments Financial Institutions and Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. The Board of Directors is also grateful to the valued customers, esteemed shareholders and public at large for their patronage and confidence reposed in the company.

On behalf of the Board of Directors
For **Goenka Diamond and Jewels Limited**

NAVNEET GOENKA
Vice Chairman & Managing Director

NITIN GOENKA
Managing Director

Place: Mumbai

Date: May 29, 2012

CORPORATE GOVERNANCE

A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

Good Corporate Governance practice lies at the foundation of our company's business ethos. The Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit.

The Company believes that the management is the trustee of all investors' capital and is obligated to maximize shareholders wealth over the long term, while preserving the interests of all its stakeholders, such as employees, customers, business partners / vendors and the society at large. It is committed to high levels of ethics and integrity in all its business dealings that avoids all conflicts of interest. In order to conduct business with these principles, the company creates simple corporate structures based on business needs and maintains a high degree of transparency through regular disclosures and a focus on adequate control systems

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of the Company is pleased to present this report covering the activities of the Company during the year 2011-2012.

Our Company is promoted by Mr. NandLal Goenka who has over 40 years of experience in the gems and jewellery business and his two sons, Mr. Navneet Goenka and Mr. Nitin Goenka. Mr. Navneet Goenka and Mr. Nitin Goenka are supremely qualified and have acquired professional qualifications in grading and jewellery designing from Gemological Institute of America, New York.

OVERVIEW

The Company is in the business of cutting and polishing of diamonds and manufacturing and retailing of diamond jewellery. The Company has expanded its business from export of coloured gem stones in the inception stage to the stage of setting up two Export Oriented Unit in Surat for manufacturing of Diamonds to cater the overseas market and a manufacturing unit of diamond in Mumbai to serve and expand the local market. The Company is also promoting retail chain store for Jewellery so as to explore the retail arena.

We run an integrated business model that includes sourcing of rough diamonds from various sources including our Russian Subsidiary, polishing roughs for export market and internal consumption, jewellery manufacturing and sale of jewellery through our retail chain branded jewellery retail resulting in strong presence across the value chain. Going forward, we plan to strengthen our model by expanding our Russian sourcing operations and increasing our retail network..

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

- **Global economic scenario**

Our Diamond Business operations are affected by changes in the global economy. Our Diamond Business revenues are primarily derived from export to major diamond markets in the Middle East, Far East and South East Asian Countries. These countries have shown good growth over last few years.

- **Developing Brand Equity**

We retail our diamond jewellery under two brands viz. CERES and G WILD catering to specific segments. We retail high end diamond jewellery under the CERES brand targeting the top-end segment of the society while G WILD focuses on internationally designed diamond jewellery targeting the youth. Our product profile includes rings, earrings, pendants, bracelets, necklaces, etc. which are manufactured using polished diamonds, precious and other semi precious stones which are set in gold. Our in-house team along with some select freelance designers undertake the designing of jewellery for our brands. We currently have presence in retail through 3 company operated CERES stores, 12 stores under franchisee for G WILD. We opened the first CERES store in Mumbai in April 2009.

- **Foreign currency fluctuations**

Export constitutes 66% of the Company's turnover and therefore a major portion of our Company's expenditure was incurred and earnings were received in foreign currency. The exchange rate between Rupee and US Dollar has been highly volatile substantially in recent times and therefore have a huge impact on the Company's results and because of our continued focus on these growth markets, we have largely remained insulated from the economic turmoils going on in U.S.A. and Europe.

We may gain or incur a loss due to foreign exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements.



- **Competition within diamond industry**

We expect competition in Gems and Jewelry sector from existing and potential competitors to intensify. In the last few years, we have diversified our export client base and have entered new markets for our export business. Our main countries for exports include US, South East Asia, and Hong Kong. Over the years, we have reduced our exposure to US. We have focused on untapped markets for export of polished diamonds. This allows us to earn higher margins due to our early mover advantage. Our second largest market, Hong Kong primarily acts as hub for re-export to other countries. We have significantly increased our focus on the South East Asian region which emerged as our biggest market.

Further, we have increased sales to the local Indian market. Thus we are less dependent on the vagaries of a single economy

- **Expansion**

During the Financial year 11-12, the company has set up a new partnership firm at Surat (SEZ Unit) with 99% share in profits. The company has also started 9 new G WILD stores under franchisees network and 2 CERES Showroom for catering the local Indian market.

The company plans to expand its retail presence for both our brands – G WILD and CERES by opening new stores across India. Further, All the CERES stores planned will be Company operated. The company has also participated in various exhibitions across the globe during the FY 2011-12. The increased presence would allow us to tap newer markets, increase jewellery sales and boost our profitability. The launch of exclusive retail showrooms across new locations would help in increasing our brand visibility and acceptance. We are also increasing our jewellery manufacturing capacity in anticipation of increased demand

Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in the government regulations, tax laws, statutes and other incidental factors.

Acknowledgement

Your Directors take this opportunity to express their deep sense of gratitude to the vendors, business associates, investors and banks for their continued support and co-operation during the year under review. Your Directors also wish to place on record their appreciation for the sincere and dedicated services rendered by the employees of the Company at all levels.

On behalf of the Board of Directors
For **Goenka Diamond and Jewels Limited**

NAVNEET GOENKA
Vice Chairman & Managing Director

NITIN GOENKA
Managing Director

Place: Mumbai

Date: May 29, 2012

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

I) Corporate Philosophy on Code of Governance

The Board of directors of Goenka Diamond and Jewels Limited sets the overall policy and provides guidance and input in areas relating to strategic direction, planning, performance measurement, resource allocation, key appointments, standards of conduct and communication with the shareholders.

The Company has complied with the requirements of Corporate Governance specified in Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

II) Board of Directors

The Board of directors comprises of three non-executive and three executive directors. The Board Chairman is an executive director.

The Board retains full and effective control over the organisation and decisions on material matters are reserved by the Board. The Board meets at least four times annually and more frequently if circumstances or decisions require. The Board believes that its current composition is appropriate.

The company has obtained the requisite disclosures from the Directors in respect of their directorship in other companies. Composition and category of the Board of Directors, their attendance at the Board meetings during the year and at the last Annual General Meeting as also their directorship in other companies and membership and chairmanship on the committees of other companies are as under:

Name of Directors	Category	Attendance Particulars		Number of other Directorships and Committee Memberships / Chairpersonships			Remarks
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairpersonships	
Mr. Nandlal Goenka Chairman	C	3	Yes	1	Nil	Nil	-
Mr. Navneet Goenka Vice Chairman and Managing Director	ED	3	Yes	1	Nil	Nil	-
Mr. Nitin Goenka Managing Director	ED	2	No	1	Nil	Nil	-
Dr. A. C. Shah Independent Director	INED	3	No	7	7	3	Due to Casual Vacancy as on Jan. 16, 2012
Mr. Vijay G. Kalantri Independent Director	INED	4	No	13	3	3	-
Mr. S. N. Sharma Independent Director	INED	1	No	2	Nil	Nil	Resigned from Board as on May 30, 2012
Mr. C. D. Arha Independent Director	INED	N.A.	N.A.	4	2	Nil	Appointed On May 30, 2012
Mr. D. R. Mehta Independent Director	INED	N.A.	N.A.	8	Nil	1	Appointed On May 30, 2012

C : Chairman

ED : Executive Director

INED : Independent Non Executive Director

Notes:

- The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Private Limited Companies and Section 25 Companies.
- 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.



Board Meetings held during the year 2011-2012

During the year under review, four meetings of the Board were held on 24.05.2011, 12.08.2011, 08.11.2011 and on 14.02.2012. The detailed agenda along with notice and supporting documents/papers is circulated to Directors in advance. The draft minutes of the board and committee meetings were circulated to all the directors immediately after meeting and finalized minutes of proceedings of a meeting were entered in the Minutes Book within thirty days from the conclusion of that meeting. The minutes of the previous meeting were confirmed and signed by the Chairman in the next meeting held thereafter.

Audit Committee

The Audit Committee comprises of the following Independent Non-Executive Directors:

- Chairman :** Mr. D.R. Mehta (Chairman since 13.08.2012) ##
 Mr. C.D. Arha (Chairman since 30.05.2012 till 12.08.2012) *
 Mr. Vijay G. Kalantri (Acting Chairman for the meeting dated 14.02.2012 and 29.05.2012) \$
 Dr. A. C. Shah (Chairman till 16.01.2012) *
- Members :** Mr. S. N. Sharma (Member till 30.05.2012) #
 Mr. D.R. Mehta (Member since 30.05.2012) ##
 Mr. C.D. Arha (Member since 30.05.2012) *
 Mr. Vijay G. Kalantri

* Mr. C. D. Arha is being appointed as Director of the Company for the casual vacancy caused by sudden demise of Dr. A. C. Shah. He is also Member and Chairman of the Audit Committee since May 30, 2012 till August 12, 2012.

Mr. D. R. Mehta has being appointed as Additional Director and member of Audit Committee of the Company since May 30, 2012. Audit committee was reconstituted and Mr. D.R. Mehta was appointed as Chairman of the Committee w.e.f August 13, 2012

Mr. S. N. Sharma voluntarily resigned on May 30, 2012

\$ Mr. Vijay G. Kalantri was acting Chairman after the Casual Vacancy till the appointment of Mr. C.D. Arha

Brief resume of the Members is given in the annexure to the notice convening the 22nd Annual General Meeting of the Company.

The members of the committee are well versed with the accounting and financial management. The Committee has reviewed the quarterly financial results, half yearly financial results, annual financial results and internal control system of the Company. Valuable suggestions and guidance received from the member of the committee added strength to its operations. The role and terms of reference stipulated by the Board of the Audit Committee covers area mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Statutory Auditors, Chief Operating Officer of the company have attended the meetings of the committee. The Company Secretary was the Secretary of the Audit Committee.

During the year under review, the Audit Committee met for four times viz.,

Date of the Meeting	Quorum
24.05.2011	2
12.08.2011	2
08.11.2011	2
14.02.2012	2

The Chairman of the Audit Committee was not present at the 21st Annual General Meeting of the Company held on 30th September 2011. However other committee members were present who have satisfactorily resolved the query of shareholders'.

The terms of the reference of the Audit 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 interalia it briefly includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible ;
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit fees;

- c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to :
 - i) Matters required to be included in the Directors responsibility statement which forms part of the Directors Report pursuant to Clause 2AA of Section 217 of the Companies Act, 1956;
 - ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv) Significant adjustments made in the financial statements arising out of audit findings;
 - v) Compliance with the listing and other legal requirements relating to financial statements;
 - vi) Disclosure of any related party transactions;
 - vii) Qualifications in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- h) Reviewing the adequacy on internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- i) Discussion with internal auditors on any significant findings and follow up thereon;
- j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of material nature and reporting the matter to the Board;
- k) Discussion with the statutory auditors before audit commences, about the nature and scope of audit as well a post audit discussion to ascertain any area of concern;
- l) To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of default in payment of declared dividend) and creditors;
- m) To review the functioning of the Whistle Blower Policy mechanism, if any, adopted and framed from time to time;
- n) Carrying out any other function as may be mentioned in the terms of reference of the committee from time to time ; and
- o) Any other area of activities as may be covered within the gamut of scope of Audit Committee by any Statutory Enactment(s) from time to time.

Remuneration Committee

The Remuneration Committee recommends the remuneration payable to Executive Directors in accordance with section 198, 269, 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.

The Remuneration Committee comprises of the following Independent Non-Executive Directors:

Chairman : Mr. Vijay G. Kalantri

Members : Mr. C.D. Arha (Member since 30.05.2012) *
Mr. D.R. Mehta (Member since 30.05.2012) #
Mr. S. N. Sharma (Member till 30.05.2012) #
Dr. A. C. Shah (Member till 16.01.2012) *

* Mr. C. D. Arha is being appointed as Director of the Company for the casual vacancy caused by sudden demise of Dr. A. C. Shah.



GOENKA DIAMOND AND JEWELS LIMITED

Mr. D. R. Mehta is being appointed as Additional Director of the Company upon vacancy caused by the resignation of Mr. S. N. Sharma w.e.f. closing business hours on May 30, 2012. The Company Secretary of the Company acts as the Secretary of the Committee.

The present terms of Remuneration of Executive Directors are as approved by the shareholders at the 20th Annual General Meeting of the members of the Company held on September 25, 2010.

During the year one meeting of the Remuneration Committee was held on May 26, 2010. The details of the Remuneration paid to the Executive Directors for the year ended March 31, 2012 and to the Non-Executive Directors the sitting fees for meetings of Directors and Committees of Directors are as follows:

Name	Designation	Remuneration for 2011-12 (in ₹)				No. of shares held
		Salary	Sitting fees	Employer contribution to provident fund	Total	
Mr. NandlalGoenka	Chairman	6000000		432000	6432000	9855000
Mr. NavneetGoenka	Vice-Chairman & Managing Director	4800000		345600	5145600	3915375
Mr. NitinGoenka	Managing Director	4800000		345600	5145600	4097625
Dr. A. C. Shah	Director	-	55000	-	55000	Nil
Mr. Vijay Kalantri	Director	-	75000	-	75000	Nil
Mr. S. N. Sharma	Director	-	20000	-	20000	Nil

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.

- 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 2011–2012, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

Shareholders'/Investors' Grievance Committee

Terms of Reference

The Shareholders'/Investors' Grievance Committee comprising the following directors to approve/reject the transfer/transmission/rematerialisation of equity shares, issue of duplicate certificates, to supervise all the operations of the Registrar and Share Transfer Agents and to look into the Investors' complaints, if any, and to redress the same expeditiously.

The Shareholders'/Investors' Grievance Committee comprises of the following Independent Non-Executive Directors:

- Chairman** : Mr. C.D. Arha (Chairman since 13.08.2012)*
 Mr. D.R. Mehta (Chairman since 30.05.2012 till 12.08.2012) #
 Mr. S. N. Sharma (Chairman till 30.05.2012)*
- Members** : Mr. Vijay G. Kalantri
 Mr. D.R. Mehta (Member since 30.05.2012) #
 Mr. C.D. Arha (Member since 30.05.2012)*
 Dr. A. C. Shah (Member till 16.01.2012) *

* Mr. C. D. Arha is being appointed as Director of the Company for the casual vacancy caused by sudden demise of Dr. A. C. Shah. He is also Member of the Shareholders'/Investors' Grievance Committee since May 30, 2012 and upon reconstitution of committee he was appointed as Chairman of the said committee since August 13, 2012

Mr. D. R. Mehta is being appointed as Additional Director of the Company upon vacancy caused by the resignation of Mr. S. N. Sharma w.e.f. closing business hours on May 30, 2012. He held the Chairmanship of the Committee since May 30, 2012 till August 12, 2012.

22nd Annual Report 2011 -2012

The Company Secretary is the Compliance Officer of the Company for matters relating to Shareholders, Stock Exchanges, the Securities and Exchange Board of India (SEBI) and other related regulatory authorities.

During the year under review, the Shareholders'/Investors' Grievance Committee met for Four times viz.,

Date of the Meeting	Quorum
24.05.2011	2
12.08.2011	2
08.11.2011	2
14.02.2012	2

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	46
Complaints resolved during the period April 1, 2011 to March 31, 2012	46
Complaints outstanding as on March 31, 2012	NIL

During the year under review, all requests/ complaints were attended to promptly and resolved to the satisfaction of the shareholders.

No request of transfer and no request for dematerialization were pending for approval as on March 31, 2012.

1. General Body Meetings

Location and time of last three Annual General Meetings:

Year	Location	Date	Time	Special Resolutions	Postal Ballot
2008-2009	401, Panchratna, Moti Singhbhomiyo Ka Rasta, Johari Bazar, Jaipur – 302 003	31.07.2009	03.00 p.m.	3	N.A.
2009-2010	Royal Court, Country Inn & Suites by Carlson, M.I.Road, Khasa Kothi Circle, Jaipur 302001	25.09.2010	10.00 a.m.	3	N.A.
2010-2011	Hotel Park Prime, Orchid Hall, C-59, Prithviraj RD, C- Scheme, Jaipur- 302001	30.09.2011	10.30 a.m	1	N.A.

None of the resolutions proposed to be passed at the ensuing 22nd Annual General Meeting requires to be put through postal ballot.

2. Disclosures

a) Related parties transactions

None of the Company's transactions for the related parties were in conflict with the interest of the Company. The transactions with the related parties are disclosed in Note No.31 part B 'Notes on Financial Statements' annexed to the financial statements of the year.

b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to the capital markets during the last three years. No penalties or strictures were imposed on the Company by the stock exchanges, SEBI, or other statutory authorities relating to the above.



3. Means of Communication

The Company believes that all stakeholders should have access to adequate information, regarding the Company's position to enable them to accurately assess its future potential. Pursuant to the Listing Agreement with the stock exchanges, all information which could have a material bearing on the Company's share price is released at the earliest.

The quarterly, half-yearly and yearly results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in Free Press Journal, National Newspaper (English), Navshakti, Regional Newspaper (Marathi) and Dainik Navjyoti, Regional Newspaper (Rajasthan). The financial results and official news releases were displayed on the Company's web site www.goenkadiamonds.com

Official news/ press release are sent to the Bombay Stock Exchange and National Stock Exchange, where the equity shares of the Company are listed.

The Management Discussion and Analysis Report forms part of the Annual Report. There were no presentations made to the institutional investors or analysts separately.

A) 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 adopted a code on prevention of insider trading 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 listing agreement from Managing Director and Chief Financial Officer was placed before the Board.

f) Risk Management

The Company understands that no single approach would be adequate enough to effectively manage risk arising out of business as well as proprietary trading activity. Hence, the Company has adopted a multi-pronged approach to managing risk especially proprietary, its Treasury would be taking. This approach has four dimensions – Define, Assess, Contain and Quantify.

g) Code of Conduct

The Company has laid down a code of conduct for the Directors and its senior management. The code has been posted on the Company's website. A declaration to the effect that the Directors and senior managerial personnel have adhered to the same, signed by the CEO of the Company, forms a part of this Report, which along with the Auditor's Certificate on the compliance of Clause 49 of the Listing Agreement by the Company is annexed to this report.

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, 310 and 311 read with schedule XIII of the Companies Act, 1956 and any increments thereof within 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.goenkadiamonds.com, which is accessible to the public at large.

d) Audit Qualification

In respect of the observations made by Auditors in their report, your Directors wish to state that the respective Notes on Financial Statements are self-explanatory and do not call for further comments.

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.

4. General Shareholder Information

a) Annual General Meeting:

Date and Time	: Thursday, September 27, 2012 at 11.00 a.m.
Venue	: Royal Court, Country Inn & Suites by Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001
Financial year	: April 1, 2011 to March 31, 2012

b) Financial Calendar : 2012-2013 (Tentative)

Annual General Meeting – Next Year Board Meetings:	September 2013
- Results for the quarter ending June 30, 2012	By 14 th of August, 2012
- Results for the quarter ending September 30, 2012	By 15 th of November, 2012
- Results for the quarter ending December 31, 2012	By 15 th of February, 2013
- Results for the year ending March 31, 2013	By end of May, 2013

c) Book Closure Date : September 20, 2012 to September 27, 2012 (both days inclusive)

d) Dividend Payment Date : Dividend when sanctioned by shareholders will be payable on or after September 27, 2012

e) Listing on Stock Exchanges : The equity shares of the company got listed on April 16, 2010 at the following stock exchanges:-

Bombay Stock Exchange Limited

The National Stock Exchange of India Limited



GOENKA DIAMOND AND JEWELS LIMITED

f) Stock Code

(1) Trading Symbol at : Bombay Stock Exchange - 533189
National Stock Exchange - GOENKA

(2) Demat ISIN Number : INE516K01016
(NSDL & CDSL)

(Note: Annual listing fees for the year 2012-2013 have been paid to all the above Stock Exchanges)

g) Stock Market Data

The shares of the company got listed with Bombay Stock Exchange Limited and National Stock Exchange of India Ltd on April 16, 2010.

Month	Bombay Stock Exchange (BSE) In (₹)		National Stock Exchange (NSE) In (₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2011	72.00	57.20	71.70	57.90
May, 2011	66.25	57.00	66.00	57.00
June, 2011	64.50	55.05	66.00	55.40
July, 2011	62.05	54.60	64.00	50.45
August, 2011	57.35	42.55	57.05	42.60
September, 2011	51.50	38.05	47.00	38.15
October, 2011	40.25	31.55	40.00	31.35
November, 2011	44.80	30.00	44.80	29.70
December, 2011	40.50	28.20	44.80	28.50
January, 2012	58.00	30.75	61.70	30.05
February, 2012	62.50	48.00	62.45	50.40
March, 2012	81.25	55.70	80.40	55.20

h) **Registrar and Share Transfer Agents** : Karvy Computershare Pvt. Ltd.
(Unit: Goenka Diamond and Jewels Limited)
Plot No. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad 500081
Tel. No. +91 40 - 44655000
Fax No. +91 40 - 23420814

i) Share Transfer System:

Shares sent for the physical transfer are registered and returned within one month from the date of receipt, if the documents are clear in all respects. The Share Transfer Committee meets as often as required. There were no share transfers in physical form during 2011-12 and no share transfer pending as on March 31, 2012.

j) Dematerialisation of equity shares

The Company's shares are traded in dematerialised form only. To facilitate trading in dematerialised form there are two depositories, i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has entered into an agreement with both these depositories. The shareholders can open account with any of the depository participants registered with any of these depositories. As on March 31, 2012 only 3 Equity Shares out of 3,17,00,000 equity shares of the Company are in physical form and 3,16,99,997 equity shares of the Company are in dematerialised form.

k) Distribution of Shareholdings as on 31 March, 2012

Shareholding of nominal value	Shareholders		Share Amount	
In ₹	Number	% to Total Nos.	In ₹	% to Total Amt.
Upto - 5000	5225	87.55	6254000.00	1.97
5001 - 10000	385	6.45	3000550.00	0.95
10001 - 20000	145	2.43	2177360.00	0.69
20001 – 30000	51	0.85	1314280.00	0.41
30001 – 40000	23	0.39	856580.00	0.27
40001 – 50000	27	0.45	1249180.00	0.39
50001 – 100000	30	0.50	2145520.00	0.68
100001 and above	82	1.37	300002530.00	94.64
TOTAL	5968	100.00	317000000.00	100.00

l) Shareholding Pattern as on March 31, 2012

Category of Shareholders	Holding %
Promoters / Directors/Relatives – Indian	72.36
International Investors (FIIs/NRIs/OCBs)	5.17
Bodies Corporate	13.93
Resident Indians	7.88
Others	0.66
Total	100.00

m) Address for Investors Correspondence:

(For transfer/dematernalisation of Shares and any other query)

Karvy Computershare Pvt. Ltd
(Unit: Goenka Diamond and Jewels Limited)
Plot No. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad 500081
Tel. No. +91 40 - 44655000
Fax No. +91 40 - 23420814

Email Id for investors correspondence:

investors@goenkadiamonds.com

n) Any query on Annual Report

Registered Office of the Company

On behalf of the Board of Directors of
Goenka Diamond and Jewels Limited

Place: Mumbai

Date:: August 13, 2012

NITIN GOENKA

Chief Executive Officer



GOENKA DIAMOND AND JEWELS LIMITED

CERTIFICATE BY THE PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE

To,

The Members of

Goenka Diamond and Jewels Limited

I have examined the compliance of the conditions of Corporate Governance by Goenka Diamond and Jewels Limited, for the year ended on March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to review of 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.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the management I certify that the company has complied with conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

I 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 **VISHAL N. MANSETA**

Place: Mumbai
Date: August 13, 2012

Practicing Company Secretary
C.P No. :8981
ACS No. :25183

STATEMENT OF DISCLOSURE BY AUDIT COMMITTEE TO THE SHAREHOLDERS

To,

The Shareholders of

Goenka Diamond and Jewels Limited

In terms of Clause 49 of the Listing Agreement regarding Corporate Governance, we the members of the Audit Committee disclose in respect of the Financial Year 2011-2012 that;

- 1) the Audit Committee has reviewed the Audited Financial Statement of the Company and held discussions on the quality of the accounting principles as applied and significant judgments affecting Company's financial statements;
- 2) the Audit Committee has discussed the quality of those principles as applied and judgments referred on (1) above under the circumstances;
- 3) the Chairman of the Audit Committee and its members after initial discussions amongst themselves, invited the Chairman and Executive Directors of the Company along with the Internal Auditor to discuss the various issues related to Audited Financial Statements of the Company. The Members of the Audit Committee discussed with the Management on the various issues pertaining to the Audited Financial Statements;
- 4) the Audit Committee, in reliance on the review and discussion conducted with Management in (1), (2) and (3) above, believed that the Company's financial statements are fairly presented in conformity with the generally accepted accounting principles in all material respects.

For and on Behalf of Audit Committee of
Goenka Diamond and Jewels Limited

MR. VIJAY KALANTRI
Chairman, Audit Committee

Place: Mumbai

Dated: May 29, 2012



GOENKA DIAMOND AND JEWELS LIMITED

CERTIFICATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Nitin Goenka, Chief Executive Officer and Navneet Goenka, Chief Financial Officer of Goenka Diamond and Jewels Limited, to the best of our knowledge and belief certify that;

1. We have reviewed the Balance Sheet and Statement of Profit and Loss of the Company for the year ended March 31, 2012 and all its schedule and notes on financial statements, as well as the Cash Flow Statement.
2. To the best of our knowledge and information;
 - a) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - b) 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.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to be applicable, to the company's auditors and through them to the audit committee of the Company's Board of Directors:
 - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - b) Significant changes in Internal control during the year;
 - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control system;
 - d) Significant changes in accounting policies during the year's

We further declare that all board members and senior management have affirmed compliance with the code of conduct.

For Goenka Diamond and Jewels Ltd.

Place: Mumbai
Date: May 29, 2012

NITIN GOENKA
Chief Executive Officer

NAVNEET GOENKA
Chief Financial Officer

AUDITORS' REPORT

To

The Members of Goenka Diamond and Jewels Limited

1. We have audited the attached Balance Sheet of Goenka Diamond and Jewels Limited ('the Company') as at March 31, 2012 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order
4. Without qualifying our opinion,
 - a) we draw attention to Note No. 37 to the financial statements, the Company has not complied with the provisions of section 295 of the Companies Act, 1956 in as much as it has not taken prior approval of the Central Government in respect of guarantee amounting to ₹ 69.2 million (amount outstanding as at March 31, 2012 – ₹ NIL) given on behalf of a firm in which a Director of the Company is a partner with more than 25% holding. The Company has made an application under Section 621A for compounding the offences. Pending the outcome of this application, no adjustments have been made to the financial statements.
 - b) Accounting Policy 6(c) with regard to identification of specific item of inventory and determination of estimated net realizable value which is based on technical judgment of management and relied upon by us.
5. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **B. Khosla & Co.**
Chartered Accountants
FRN No.000205C
Sandeep Mundra
Partner
Membership No. 75482

Place: Mumbai
Date: May 29, 2012

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W
Sumant Sakhardande
Partner
Membership No. 34828

Place: Mumbai
Date: May 29, 2012



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Goenka Diamond and Jewels Limited on the financial statements for the year ended March 31, 2012

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed asset on basis of available information.
- (b) As explained to us, the fixed assets of the company have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) As explained to us, inventories have been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on physical verification of stock as compared to book records are not material and same have been properly dealt with in the books of accounts.
- (iii) As informed, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii)(b), 4(iii)(c) 4(iii)(d), 4(iii)(f) and 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs that have been entered into during the financial year because of the unique nature of the items involved and the absence of comparable prices, we are unable to comment whether the transactions were made at prevailing market price at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to rules made by the Central Government for the maintenance of records under Section 209(1)(d) of the Companies Act, 1956. Based on such review and on the basis of an independent certificate from a practicing Cost Accountant, we are of the opinion that *prima facie*, the prescribed accounts and records have been maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, cess have generally been regularly deposited with authorities.

(b) 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, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses at the end of the year. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is dealing in or trading in shares, securities, debentures and other investments and maintains adequate records of its transactions and contracts in shares, securities, debentures and other investments. The company held shares, securities, debentures and other investments in its own name.
- (xv) The Company in previous year had given guarantee to the bankers on behalf of a partnership firm in which the directors are interested and for which prior approval of the Central Government under section 295 had not been obtained when the guarantee was originally given. The said guarantee stands withdrawn. During the year the company has not given any guarantee for loans taken by others from Banks or financial institutions.
- (xvi) The Company has not obtained any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.



GOENKA DIAMOND AND JEWELS LIMITED

- (xx) The Company had in the previous financial year raised money by way of public issue. The management has disclosed end use of the money raised.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **B. Khosla & Co.**
Chartered Accountants
FRN No.000205C

Sandeep Mundra
Partner
Membership No. 75482

Place: Mumbai
Date: May 29, 2012

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W

Sumant Sakhardande
Partner
Membership No. 34828

Place: Mumbai
Date: May 29, 2012

BALANCE SHEET AS AT MARCH 31, 2012

<u>EQUITY AND LIABILITIES</u>	<u>Note</u>	<u>As at March 31, 2012</u>	<u>As at March 31, 2011</u>
		₹	₹
Shareholders' Funds			
Share Capital	1	317,000,000	317,000,000
Reserves And Surplus	2	2,507,051,814	2,336,022,697
Money received against share warrants		-	-
		2,824,051,814	2,653,022,697
Share application money pending allotment		-	-
Non-Current Liabilities			
Long-Term Borrowings		-	-
Long-Term Provisions	3	5,888,451	8,147,468
		5,888,451	8,147,468
Current Liabilities			
Short-Term Borrowings	4	1,170,712,430	756,553,733
Trade Payables	5	953,220,853	1,425,393,894
Other Current Liabilities	6	108,977,201	11,274,074
Short-Term Provisions	7	51,584,796	36,842,533
		2,284,495,280	2,230,064,234
Total		5,114,435,545	4,891,234,398
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	73,502,996	74,713,313
Intangible Assets	8	39,500	264,970
Capital Work-In-Progress	8	66,841,421	58,371,478
Non-Current Investments	9	1,203,190	203,190
Deferred Tax Assets	10	5,803,847	4,734,184
Long-Term Loans and Advances	11	17,449,863	12,515,541
Other non-current assets		-	-
		164,840,817	150,802,676
Current Assets			
Current Investments	12	4,647,000	-
Inventories	13	1,434,362,871	1,363,122,275
Trade Receivables	14	3,110,097,652	2,982,538,378
Cash and Bank Balances	15	223,717,343	322,901,308
Short-Term Loans and Advances	16	79,285,359	67,642,310
Other Current Assets	17	97,484,503	4,227,451
		4,949,594,728	4,740,431,722
Total		5,114,435,545	4,891,234,398

Significant Accounting Policies

Other Notes on Financial Statements

26 to 41

As per our report of even date attached

For & On behalf of the Board

For **B. KHOSLA & CO.**
Chartered Accountants
F.R. No.: 000205C

For **HARIBHAKTI & CO.**
Chartered Accountants
F.R. No.: 103523W

NAVNEET GOENKA
Vice Chairman & Managing Director

SANDEEP MUNDRA
Partner
M.No.: 75482

SUMANT SAKHARDANDE
Partner
M.No.: 34828

NITIN GOENKA
Managing Director

Place - Mumbai
Date - May 29, 2012



GOENKA DIAMOND AND JEWELS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
REVENUE			
Revenue From Operations	18	5,157,097,102	5,609,892,429
Other Income	19	254,948,829	40,083,033
Total		5,412,045,931	5,649,975,462
EXPENSES			
Cost of Materials Consumed	20	4,686,530,294	4,912,643,992
Purchases of Stock-In-Trade	21	155,353,816	260,177,957
Changes in Stock-In-Trade	22	121,304,171	(217,429,995)
Employee Benefits Expense	23	29,822,333	39,463,713
Finance Costs	24	88,503,675	85,075,399
Depreciation and Amortization Expense	8	12,930,055	13,010,307
Other Expenses	25	82,308,829	122,859,428
Total		5,176,753,173	5,215,800,801
Profit Before Tax		235,292,758	434,174,661
Tax Expense:			
(1) Current Tax		30,545,000	8,226,317
(2) MAT Credit Entitlement		(2,500,000)	-
(2) Earlier Years Tax		445,771	(122,441)
(3) Deferred Tax Charges/(Credits)		(1,069,663)	(3,515,748)
		27,421,108	4,588,128
Profit for the Year		207,871,650	429,586,533
Earnings Per Share of ₹ 10 Each (Refer Note No.33)			
Basic and Diluted (₹)		6.56	13.63
Significant Accounting Policies			
Other Notes on Financial Statements	26 to 41		

As per our report of even date attached

For & On behalf of the Board

For **B. KHOSLA & CO.**
Chartered Accountants
F.R. No.: 000205C

For **HARIBHAKTI & CO.**
Chartered Accountants
F.R. No.: 103523W

NAVNEET GOENKA
Vice Chairman & Managing Director

SANDEEP MUNDRA
Partner
M.No.: 75482

SUMANT SAKHARDANDE
Partner
M.No.: 34828

NITIN GOENKA
Managing Director

Place - Mumbai
Date - May 29, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	235,292,758	434,174,661
Adjustment for		
Depreciation	12,930,055	13,010,307
Unrealised Exchange Difference	(40,566,601)	17,504,866
Gratuity & Leave Liabilities	(2,259,017)	7,439,462
Other non-current assets	-	-
Finance Charges Paid	88,503,675	79,329,926
Interest Income	(10,656,137)	(5,745,473)
Dividend Income	(4,633,068)	-
Profit on Redemption of Current Investments	(8,758,130)	(32,968,907)
Operating Profit before Working Capital Changes	269,853,535	512,744,842
Adjustment for		
Trade and other receivables(including loans and advances)	(412,814,653)	(130,001,693)
Inventories	(71,240,596)	(583,722,422)
Trade payable	(416,775,880)	(702,404,189)
Other Current Liabilities	206,327,067	-
Cash generated from operations	(424,650,526)	(903,383,462)
Income Tax Paid (Net)	(15,906,955)	(18,085,741)
Fringe Benefit Tax Paid	-	-
Net cash from Operating Activities	(440,557,481)	(921,469,203)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,410,826)	(69,399,422)
Sale of Fixed Assets	446,614	-
Investment in Mutual Fund & Fixed deposits	133,734,984	(266,352,096)
Non-current Investments	(1,000,000)	-
Interest Income	10,656,137	5,745,473
Dividend Income	4,633,068	-
Profit on Redemption of Current Investments	8,758,130	32,968,907
Net cash from investing activities	136,818,107	(297,037,137)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Borrowings	463,636,601	113,554,905
Issue of Shares(including share premium thereon)	-	1,265,085,000
Share issue expenses	-	(50,995,440)
Interest & Bank Commission paid on Borrowings	(88,503,675)	(79,329,926)
Dividend Paid (Including Dividend Distribution Tax)	(36,842,533)	(37,058,192)
Net cash from financing activities	338,290,393	1,211,256,347
Net increase in Cash and Cash equivalent (A+B+C)	34,551,019	(7,249,993)
Cash and Cash equivalent in the Opening balance	41,785,112	49,035,105
Cash and Cash equivalent in the Closing balance	76,336,131	41,785,112
Note :		
Cash and cash equivalent include cash on hand, bank balance and cheques in hand.		
Closing Cash and Cash Equivalents as per books		
Total of Cash & Cash Equivalents (Refer Note No. 15)	223,717,343	322,901,308
Fixed Deposit more than 3 months	19,753,650	33,416,195
Highly Liquid Mutual Funds	127,627,561	247,700,000
Cash and Cash equivalent in the Closing balance	76,336,131	41,785,112
Cash in hand	634,273	3,037,519
Current Accounts	75,701,859	38,747,594
Total	76,336,131	41,785,112

As per our report of even date attached

For & On behalf of the Board

For **B. KHOSLA & CO.**
Chartered Accountants
F.R. No.: 000205C

For **HARIBHAKTI & CO.**
Chartered Accountants
F.R. No.: 103523W

NAVNEET GOENKA
Vice Chairman & Managing Director

SANDEEP MUNDRA
Partner
M.No.: 75482
Place - Mumbai
Date - May 29, 2012

SUMANT SAKHARDANDE
Partner
M.No.: 34828

NITIN GOENKA
Managing Director



SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2012

1. Basis of Preparation of Financial Statements

- a. The financial statements have been prepared in compliance with the mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and generally accepted Accounting principles applicable in India (GAAP). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires changes in the accounting policy hitherto in use.
- b. The financial statements have been prepared under historical cost convention on accrual basis.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

3. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition cost, freight, duties, taxes and other incidental expense incurred during the construction / installation stage attributable to bringing the asset to working condition for its intended use.

Expenditure on software is recognized as 'Intangible Assets' and is amortized over a period of three years.

4. Depreciation and Amortization

Depreciation on Fixed Assets is being provided on written down value method at the rate and in the manner specified in Schedule XIV of the Companies Act, 1956.

Leasehold land is amortized over the initial period of lease.

The expenditure incurred on improvement on leased premises is written off proportionately over the initial period of lease.

5. Impairment of Fixed Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the assets belongs, is less than the carrying amount, carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

6. Inventories

- a. Inventories are valued at lower of cost and estimated net realisable value. Cost is determined on 'First-in First-out', 'Specific Identification', or "Weighted Average' basis, as the case may be. Cost of Inventories Comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- b. Raw Materials include materials issued for production. Materials consumed are materials used for production of finished goods only.
- c. Determination of estimated net realizable value and specific identification involve technical judgments of the management, which has been relied upon by the Auditors.

7. Investments

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

Current investments are carried at lower of cost or market value.

8. Revenue Recognition

Sale of Goods:

Revenue from sales of goods is recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and is stated net of returns, trade discounts, claims etc.

Dividend on Investment:

Dividends are recognised when the right to receive payment is established.

Interest Income:

Interest Income is recognised on time proportion basis taking in to account the amount outstanding & rate applicable.

9. Foreign Currency Transactions:

a. Initial Recognition:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

b. Conversion:

Monetary items denominated in foreign currencies at the year-end are translated at closing rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction and investment in foreign companies are recorded at the exchange rates prevailing on the date of making the investments.

c. Exchange Differences:

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

d. Forward Exchange Contract not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of contract. Exchange differences on such contract are recognized in the profit and loss account in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense.

10. Retirement Benefits:

Short term employee benefits are recognized as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered.

The Company's Liability towards gratuity and leave encashment are determined on the basis of year end actuarial valuation applying Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Profit and Loss Account as income or expense.

11. Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

12. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

13. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



14. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

15. Segment Reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter segment Transfers:

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

16. Provision for Current and Deferred Taxation:

Income tax is accounted in accordance with AS-22 'Accounting for taxes on income', issued by The Institute of Chartered Accountants of India (ICAI), which includes current taxes and deferred taxes. Deferred income taxes reflect the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same and are recognized using the tax rates and tax laws that have been enacted or substantively enacted.

Current tax is determined as the amount of tax payable in respect of taxable income using the applicable tax rates and tax laws for the year.

17. Provision, Contingent Liabilities and Contingent Assets:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the Company has a present obligation as a result of past event,
- b. a probable outflow of resources is expected to settle the obligation and
- c. the amount of the obligation can be reliably estimated

Contingent Liability is disclosed in case of

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note No.

EQUITY AND LIABILITIES

1 Share Capital

- a The details of Authorised, Issued, Subscribed and paid up, capital are as under :-

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
Authorised Share Capital				
Equity Shares of ₹ 10/- each	33,000,000	330,000,000	33,000,000	330,000,000
Issued, Subscribed and Paid up				
Equity Shares of ₹ 10/- each	31,700,000	317,000,000	31,700,000	317,000,000
		317,000,000		317,000,000

- b The Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year is as under :-

Particulars	As at March 31, 2012		As at March 31, 2011	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	31,700,000	317,000,000	31,700,000	317,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	31,700,000	317,000,000	31,700,000	317,000,000

- c The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

- d The details of shareholders holding more than 5% equity shares and preference shares as at reporting date are as under :-

Name of Shareholders	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Nandlal Goenka	9,855,000	31%	9,855,000	31%
Nitin Goenka	4,097,625	13%	4,097,625	13%
Navneet Goenka	3,915,375	12%	3,915,375	12%
Nandlal Goenka (HUF)	3,420,000	11%	3,420,000	11%
AXIS Bank Limited	-	0%	2,068,960	7%

- e. Aggregate number of shares allotted as fully paid up by way of bonus shares

	2011-12	2010-11	2009-10	2008-09	2007-08
By Way of Bonus Shares	-	-	10,420,200	-	-



GOENKA DIAMOND AND JEWELS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2 Reserves & Surplus

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
A. Securities Premium Account :				
Opening Balance	1,088,507,042		1,171,375,000	
Add: Security premium credited on share issue	-		-	
	<u>1,088,507,042</u>		<u>1,171,375,000</u>	
Less: Premium utilised against share issue expenses	-		82,867,958	
		1,088,507,042		1,088,507,042
B. General Reserve:				
Opening Balance	9,908,000		9,908,000	
Add: Transferred from Profit and Loss Account	-		-	
	<u>9,908,000</u>		<u>9,908,000</u>	
Less: Transfer	-		-	
		9,908,000		9,908,000
C. Surplus/ (Deficit)				
Opening balance	1,237,607,655		844,863,659	
Add:				
Net Profit For the current year	207,871,650		429,586,529	
	<u>1,445,479,305</u>		<u>1,274,450,188</u>	
Less:				
Proposed Dividend	31,700,000		31,700,000	
Tax on Proposed Dividend	<u>5,142,533</u>		<u>5,142,533</u>	
Surplus/ (Deficit)		1,408,636,772		1,237,607,655
		<u>2,507,051,814</u>		<u>2,336,022,697</u>

NON CURRENT LIABILITIES

3 Long Term Provisions

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Provision For Employee Benefits:				
Provision for Gratuity (Refer Note no. 29 (B))	5,737,330		8,147,468	
Provision for Leave Encashment (Refer Note no. 29 (B))	<u>151,121</u>	5,888,451	-	8,147,468
		<u>5,888,451</u>		<u>8,147,468</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

4 Short Term Borrowings

a The details of Short- Term Borrowings as at March 31, 2012 are as under :-

	As at March 31, 2012	As at March 31, 2011
	₹	₹
Secured:		
Loan Repayable on demand from Banks		
Pre-shipment Credit	503,746,550	238,220,893
Post-shipment Credit	666,965,880	491,356,840
Buyer Credit	- 1,170,712,430	26,976,000 756,553,733
	<u>1,170,712,430</u>	<u>756,553,733</u>

b Nature of Security

(Credit Facilities is secured by:)

i) Hypothecation of Stock-in-trade and Book Debts on pari passu basis

ii) Further secured, on pari-passu basis: -

a) Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director, Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai and Factory land and building at surat

b) Personal Guarantees of all Promoter Directors of the Company.

iii) Pledge of units of Mutual Fund of ₹ 5.60 Cr. against Buyers Credit Loan

5 Trade Payables

	As at March 31, 2012	As at March 31, 2011
	₹	₹
Trade Payables	953,220,853	1,425,393,894
	<u>953,220,853</u>	<u>1,425,393,894</u>

Trade Payables include overdue amounts (mainly unclaimed) of ₹ Nil (Previous Year ₹ Nil) including interest of ₹ Nil (Previous Year ₹ Nil) payable to Micro, Small & Medium enterprises. The company does not owe any amount to Micro, Small & Medium enterprises. These enterprises have been identified on the basis of information available to the Company.

6 Other Current Liabilities

	As at March 31, 2012	As at March 31, 2011
	₹	₹
Other Current Liabilities consists of following :-		
Interest accrued but not due on borrowing	375,163	847,397
Unclaimed Dividend*	76,817	29,223
Employee benefit payables	2,762,871	2,205,415
Statutory Dues(including PF,TDS etc.)	1,015,728	1,153,090
Creditor for Capital goods	1,115,000	868,226
Due to director's in current account	3,070,426	1,473,274
Other Payables#	100,561,196	4,697,448
	<u>108,977,201</u>	<u>11,274,074</u>

* Investor Education and Protection Fund to be credited by the amount as and when required.

Includes ₹ 9,38,81,677/- being liabilities of outstanding foreign currency forward contracts arising on account of re-statement at closing rate.



GOENKA DIAMOND AND JEWELS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

7 Short Term Provisions

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Provision for employee benefits:				
Provision for Gratuity (Refer Note no. 29 (B))	1,173,330		-	
Provision for Leave Encashment (Refer Note no. 29 (B))	21,395	1,194,725	-	-
Proposed Dividend		31,700,000		31,700,000
Tax on Proposed Dividend		5,142,533		5,142,533
Provision for Taxation (Net of Advance Tax)		13,547,538		-
		51,584,796		36,842,533

8 Fixed Assets

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2011	Addition during the period	Deductions during the year	Total as on 31.03.2012	Upto 01.04.2011	Provided during the period	Adj. for deductions	Total upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
a.	Tangible Assets										
1	Leasehold Factory land	2,736,000	-	-	2,736,000	957,600	182,400	-	1,140,000	1,596,000	1,778,400
2	Buildings	67,679,339	3,247,421	-	70,926,760	21,884,313	3,399,378	-	25,283,691	45,643,069	45,795,026
3	Plant & Machinery	12,221,547	3,108,545	-	15,330,092	4,336,297	1,225,082	-	5,561,378	9,768,714	7,885,250
4	Electric Installation	2,286,599	-	-	2,286,599	684,172	222,898	-	907,070	1,379,529	1,602,427
5	Furniture & Fixtures	9,721,692	1,042,646	-	10,764,338	6,119,960	731,346	-	6,851,306	3,913,032	3,601,732
6	Office Equipment	4,544,859	720,270	-	5,265,129	1,349,222	520,506	-	1,869,728	3,395,400	3,195,637
7	Vehicle	12,656,708	-	1,376,479	11,280,229	8,758,937	1,009,133	929,861	8,838,209	2,442,020	3,897,771
8	Computers	3,339,704	3,822,002	-	7,161,706	2,161,309	1,479,474	-	3,640,783	3,520,923	1,178,395
9	Improvement on Leasehold Assets	14,613,893	-	-	14,613,893	8,835,217	3,934,366	-	12,769,583	1,844,309	5,778,675
b.	Intangible Assets										
1	Computer Software	863,910	-	-	863,910	598,938	225,472	-	824,410	39,500	264,970
c.	Capital Work in Progress	58,371,478	11,841,420	3,371,478	66,841,420	-	-	-	-	66,841,421	58,371,478
	Total	189,035,729	23,782,304	4,747,957	208,070,076	55,685,965	12,930,055	929,861	67,686,159	140,383,917	133,349,761
	Total for Previous year	118,431,225	12,233,026	-	130,664,251	42,675,656	13,010,307	-	55,685,965	74,978,286	

Notes:

1. Building include Flat at Jaipur which is not yet registered in the name of company.
2. Building includes 5 No. of shares held in Mount Unique CHS.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2012

9 Non Current Investment

(Long term - at Costs less provision for other than temporary diminution)

	Gross Amount		Diminution in Value of Investment		Net Amount	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
a. Trade Investment (Unquoted)						
Investment in Equity Instruments						
Investment in Subsidiary (Fully Paid up) :						
1 1 Share of 9500 roubles being 95% of the issued Capital of M.B. Diamonds LLC..	203,190	203,190	-	-	203,190	203,190
Investment in Partnership Firm						
2 Solitaire Diamonds Exports	1,000,000	-	-	-	1,000,000	-
Total	1,203,190	203,190	-	-	1,203,190	203,190

b. Details of Investment in Partnership Firm

Name of the Partners	Share (%)	Capital
M/s Goenka Diamond & Jewels Ltd	99%	1,000,000
Mr. Arjunlal Sharma	1%	10,000
Total	100%	1,010,000

c. Notes:-

1. Aggregate amount of Quoted Investment	-	-
2. Market value of Quoted Investment	-	-
3. Aggregate amount of Non Quoted Investment	1,203,190	203,190
4. Aggregate amount of provision for diminution in value of Investment	-	-

10 Deferred Tax Assets

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Deferred Tax Assets				
On account of Gratuity & Leave Encashment	2,298,136		2,706,589	
On account of Depreciation	3,505,711	5,803,847	2,027,595	4,734,184
		5,803,847		4,734,184

Net deferred tax charge/(credit) for the year of ₹ (10,69,663) (Previous year ₹ (35,15,748) has been recognized in the Profit and Loss Account for the year.

11 Long Term Loans and Advances

(Unsecured and considered good unless otherwise stated)

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Capital Advances		1,100,000		100,000
Security Deposits #		13,849,863		12,415,541
MAT Credit Entilement		2,500,000		-
		17,449,863		12,515,541

include ₹ 2,00,000/- security deposit given to Managing Director, Directors and their relatives



GOENKA DIAMOND AND JEWELS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

CURRENT ASSETS

12 Current Investments

(At lower of Cost or Market Price)

a. Investment in Bonds (Quoted)

Indian Railway Finance Corporation Ltd.
National Highways Authority of India

As at March 31, 2012	
Number	Amount
2,175	2,175,000
2,472	2,472,000
	<u>4,647,000</u>

As at March 31, 2011	
Number	Amount
-	-
-	-
	<u>-</u>

b. Notes:-

1. Aggregate amount of Quoted Investment
2. Market value of Quoted Investment
3. Aggregate amount of Non Quoted Investment
4. Aggregate amount of provision for diminution in value of Investment

4,647,000	-
4,722,124	-
-	-
-	-

13 Inventories

(Cost or Market Price whichever is lower)

(As taken, valued and certified by the Management)

Raw Materials

Stock in Process

Finished Goods

As at March 31, 2012	
₹	₹
833,011,822	
158,880,509	
442,470,540	
	<u>1,434,362,871</u>

As at March 31, 2011	
₹	₹
750,250,341	
49,097,223	
563,774,711	
	<u>1,363,122,275</u>

14 Trade Receivables

(Unsecured and considered good unless otherwise stated)

Outstanding for more than Six Months from the date they are due for payments

Others

As at March 31, 2012	
₹	₹
240,019,119	
2,870,078,533	
	<u>3,110,097,652</u>

As at March 31, 2011	
₹	₹
541,045,725	
2,441,492,653	
	<u>2,982,538,378</u>

15 Cash And Bank Balances

Cash and cash equivalents

Cash on hand

Balance with Banks

Unpaid Dividend Bank Account

Total (A)

As at March 31, 2012	
₹	₹
634,273	
75,625,042	
76,817	
	<u>76,336,131</u>

As at March 31, 2011	
₹	₹
3,037,519	
38,718,371	
29,223	
	<u>41,785,113</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Others	As at March 31, 2012		As at March 31, 2011	
	Number	Amount in ₹	Number	Amount in ₹
Units of Mutual Funds **				
ICICI Medium Term	-	-	5,139,643	53,000,000
ICICI Blended	-	-	4,856,868	50,000,000
DSP BlackRock FMP	-	-	470,000	4,700,000
IDFC Money ManagerFund	466,085	5,000,000	466,085	5,000,000
IDFC Saving Advantage Fund	-	-	98,188	135,000,000
ICICI Prudential Flexible Income Plan Premium - Div	64,922	6,864,561	-	-
ICICI Pru Interval Fund-II Qtrly Interval Plan-Div.	5,784,606	57,850,000	-	-
JM Financial Mutual Fund-Dividend	512,323	5,126,717	-	-
L & T Select Income Fund - Flexi Debt Inst- Growth	1,420,315	16,708,389	-	-
L & T Select Income Fund Flexi Debt Plan - Dividend	1,535,082	15,977,596	-	-
Reliance Liquid Fund-Treasury Plan-Daily Dividend	1,314,828	20,100,298	-	-
Total (B)		127,627,561		247,700,000
Other Bank Balances				
	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Bank Deposits				
Pledged*	19,753,650		-	
Non Pledged	-	19,753,650	33,416,195	33,416,195
Total (C)		19,753,650		33,416,195
Total (A+B+C)		223,717,343		322,901,308

* Pledged deposits are with maturity period of more than 12 months

** In view of highly liquid nature of investments in mutual fund, the same have been disclosed under " Cash and Bank Balances " as cash & cash equivalent, as per AS 3 "Cash Flow Statement"

16 Short Term Loans And Advances	As at March 31, 2012		As at March 31, 2011	
(Unsecured and considered good unless otherwise stated)	₹	₹	₹	₹
Advance To Staff		169,070		208,517
Loans & Advances to				
-Subsidiary	18,060,106		31,519,657	
-Partnership Firm	1,036,000	19,096,106	-	31,519,657
Advance To Suppliers		755,147		22,171,288
Inter-corporate deposit		50,000,000		-
Prepaid Expenses		7,751,421		5,981,241
Balances with Tax Authorities		1,478,067		1,815,688
Advance Tax (Net of Provisions)		-		5,910,371
Others				
-Considered Good	35,548		35,548	
-Considered Doubtful	835,000		835,000	
	870,548		870,548	
Less - Provided for	835,000	35,548	835,000	35,548
		79,285,359		67,642,310



GOENKA DIAMOND AND JEWELS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

17 Other Current Assets

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Interest Accrued on deposits		688,810		809,971
Current Account in partnership Firm		76,751,144		-
Others		20,044,549		3,417,480
		<u>97,484,503</u>		<u>4,227,451</u>

18 Revenue From Operations

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Sale of Products:				
Export Sales	3,365,996,170		3,593,503,573	
Domestic Sales	<u>1,714,349,788</u>	5,080,345,958	<u>2,016,388,856</u>	5,609,892,429
Share of Profit from Partnership Firm		76,751,144		-
		<u>5,157,097,102</u>		<u>5,609,892,429</u>

19 Other Income

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Interest		10,656,137		5,745,473
Dividend		4,633,068		-
Liability No Longer required		3,793,590		-
Forward Contract Premium		15,864,823		997,480
Other Income		146,156		371,173
Profit on Redemption of Current Investments		8,758,130		32,968,907
Profit on Sale of Fixed Assets		216,519		-
Exchange Fluctuation (Net)		<u>210,880,406</u>		<u>-</u>
		<u>254,948,829</u>		<u>40,083,033</u>

20 Cost of Material Consumed

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Materials Consumed				
Opening Material-in-process	799,347,564		433,055,137	
Add: Purchases	<u>4,879,075,061</u>		<u>5,278,936,419</u>	
	<u>5,678,422,625</u>		<u>5,711,991,556</u>	
Less: Closing Material-in-process	<u>991,892,331</u>	4,686,530,294	<u>799,347,564</u>	4,912,643,992
		<u>4,686,530,294</u>		<u>4,912,643,992</u>

21 Purchases of Stock-In-Trade

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Purchases of Finished Goods		155,353,816		260,177,957
		<u>155,353,816</u>		<u>260,177,957</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

22 Changes In Stock-In-Trade	Year ended March 31, 2012	Year ended March 31, 2011
	₹	₹
Decrease/(Increase) of Stock-in-Trade consists of		
Opening Stocks		
Finished Goods	563,774,711	346,344,716
	<u>563,774,711</u>	<u>346,344,716</u>
Less: Closing Stocks		
Finished Goods	442,470,540	563,774,711
	<u>442,470,540</u>	<u>563,774,711</u>
	<u>121,304,171</u>	<u>(217,429,995)</u>
23 Employees Benefit Expense	Year ended March 31, 2012	Year ended March 31, 2011
	₹	₹
Salaries, Wages, Bonus etc.	27,002,542	36,457,217
Contributions to Provident and Other Funds	2,109,171	2,188,264
Staff Welfare Expenses	710,620	818,232
	<u>29,822,333</u>	<u>39,463,713</u>
24 Financial Cost	Year ended March 31, 2012	Year ended March 31, 2011
	₹	₹
Interest		
- On Working Capital Facilities	65,635,694	72,221,528
- Other Finance Charges	22,867,981	12,853,871
	<u>88,503,675</u>	<u>85,075,399</u>
25 Other Expenses	Year ended March 31, 2012	Year ended March 31, 2011
	₹	₹
a. Manufacturing Expenses		
Electricity & Water expenses	444,426	571,773
Factory Rent	1,472,769	1,350,887
Misc Factory Expenses	5,229,295	2,966,723
Factory Repair & Maintenance	107,100	220,804
Import Expenses	-	203,840
Total (A)	<u>7,253,590</u>	<u>5,314,027</u>



GOENKA DIAMOND AND JEWELS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

b. Administrative & Selling Expenses

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Rent, Rates and Taxes		9,843,332		7,611,874
Water & Electricity		1,746,226		1,455,818
Insurance		1,378,083		1,502,514
Travelling and Conveyance		7,558,050		5,116,502
Legal and Professional		6,087,318		5,131,174
Postage and Telephone		1,642,041		1,511,753
Printing and Stationery		698,252		652,656
Advertisement and Business Promotion		11,740,769		7,458,865
Brokerage and Commission		1,088,551		924,341
Directors' Remuneration		15,600,000		15,600,000
Director's Sitting Fees		150,000		240,000
Misc. Expenses		4,417,990		4,339,596
Vehicle Running & Maintenance		981,851		412,476
Repair & Maintenance		2,593,077		1,752,658
Export and Selling Expenses		1,600,836		1,923,718
Diamond Certification Charges		2,747,785		658,039
Exhibition Expenses		3,896,661		2,716,445
Auditors' Remuneration				
- Statuary Audit Fees		898,880		882,400
- Taxation Matters		28,090		27,575
- for Other services		248,177		248,175
- Reimbursement Of Expenses		109,270		62,190
Exchange Fluctuation (Net)		-		56,481,632
Provision for Doubtful Debt		-		835,000
Total (B)		75,055,239		117,545,401
Total Other Expenses		Total (A+B)		82,308,829
				122,859,428

26 Value and % of Material Consumption

	Year ended March 31, 2012		Year ended March 31, 2011	
	%	₹	%	₹
Raw Materials and Components:				
Imported	66%	3,081,297,803	59%	2,881,732,376
Indigenous	34%	1,605,232,491	41%	2,030,911,616
	100%	4,686,530,294	100%	4,912,643,992

27 Expenditure in Foreign Currency

a	Traveling	314,368	342,906
b	Other	1,689,835	-

28 Earnings in Foreign Currency

Export of goods calculated on F.O.B. basis	3,364,849,663	3,592,174,838
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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

29 The Company has classified various benefits provided to employees as under:

A. Defined Contribution Plans

- a. Provident Fund
- b. State Defined Contribution Plan
- c. Employers' Contribution to Employees' State Insurance

The Company has recognised the following amounts in Profit and Loss Account:

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Employer's contribution to Provident Fund		1,658,011		1,715,000
Employer's contribution to Employees State Insurance		445,664		467,228
Employer's Contribution to Maharashtra Labour Welfare Fund		5,496		6,036

B. a. Contribution to Gratuity Fund (Unfunded Scheme) & Leave Encashment (Unfunded Scheme)

In accordance with the Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed in respect of the Gratuity Liability based on the following assumptions:

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
		Gratuity		Gratuity
Discount Rate (per annum)		8.50%		8.25%
Rate of increase in compensation levels (per annum)		7.00%		7.00%
Rate of return on Plan Assets (for Funded Scheme)		Nil (Non-Funded)		Nil (Non-Funded)

I. Change in the Present Value of Obligation

The Scheme is funded with an insurance company in the form of qualifying insurance policy

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
		Gratuity		Gratuity
Present value of defined benefit obligation as at beginning of the year		7,294,147		708,006
Interest cost		652,397		108,030
Past Service cost		---		---
Current service cost		613,695		6,729,988
Benefits paid		---		---
Actuarial (gain) / loss on obligations		(1,649,579)		601,444
Present value of defined benefit obligation as at the end of the year		6,910,660		8,147,468



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

II. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

	<u>Year ended</u> <u>March 31, 2012</u>	<u>Year ended</u> <u>March 31, 2011</u>
	₹	₹
	Gratuity	Gratuity
Present value of unfunded obligation as at end of the year	6,910,660	8,147,468
Fair value of plan assets as at end of the year	---	---
Funded Asset recognised in the Balance Sheet	---	---
Unfunded Asset recognised in the Balance Sheet	6,910,660	8,147,468
Shown as		
Long term provision (refer note no. 3)	5,737,330	8,147,468
Short term provision (refer note no. 7)	1,173,330	---

III. Expenses recognised in Profit and Loss Account

	<u>Year ended</u> <u>March 31, 2012</u>	<u>Year ended</u> <u>March 31, 2011</u>
	₹	₹
	Gratuity	Gratuity
Current service cost	(1,649,579)	601,444
Past service cost	---	---
Interest cost	652,397	108,030
Expected Return on Plan Assets	---	---
Net Actuarial (gain) / Loss recognised in the period	613,695	6,729,988
Total Expenses recognised in the Statement of Profit and Loss *	(383,487)	7,439,462

* included in Salaries, wages, bonus etc in Note No.23

b. Leave Encashment (Non – Funded Scheme)

Leave Encashment has been provided based on valuation, as at the balance sheet date, made by independent actuaries .
The amount recognised in the profit & loss account during the year in ₹ 1,72,516/- (P.Y. ₹ NIL)

- 30 A) The Company has the practice of recording all import and export transactions at the rate declared by the Customs department every month. Due to high volatility in the rates of USD during the year, there have been substantial differences in the Customs declared rate and the general rates prevailing on the date of the transactions. Had each of the import and export transactions been recorded at the RBI reference rate on the date of the transaction, the foreign exchange gain would have been lower by ₹ 6,03,77,480/- and normal trading profits would have been higher by the same amount.
- B) During the previous year, the Company's GM-Treasury executed forwards contracts on behalf of the company in excess of the limits as specified in the employment contract duly signed by him on account of which the company suffered a loss to the tune of ₹ 9,37,87,000/- which has been netted off against exchange loss / (gain) in P/L A/c of ₹ 5,64,81,632/- of the previous year.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2012

31 Related Party Disclosures:

A. List of related parties with whom transactions have taken place and relationships:

Subsidiaries (Direct and Step down)

1. MB Diamonds LLC

Enterprises in which Key management personnel are interested :

1. Goenka Diamonds Private Limited
2. Mystique Jewels
3. Goenka Jewellers
4. Geet Holdings Private Limited
5. Yash Holdings Private Limited
6. Sonam Complex Private Limited
7. Goenka Infra Projects Private Limited
8. Goenka Mining Resources Private Limited
9. Goenka Entertainments Private Limited
10. Goenka Properties Private Limited
11. Gem Gold Mining Private Limited
12. Top Minerals Private Limited
13. Aureus Gold Mines Private Limited
14. Shree Vriddhi Mines and Minerals Private Limited
15. Gold Minerals Private Limited
16. Chrome Mines and Minerals Private Limited
17. Goenka Power and Infra Limited
18. D.V.Exports
19. Dinyog Finvest Private Limited
20. Nand Lal Goenka(HUF)
21. Solitaire Diamond Exports

Key Management Personnel (KMP):

1. Sh Nandlal Goenka
2. Sh Navneet Goenka
3. Sh Nitin Goenka

Relative of Key Management Personnel

1. Smt. Nirmala Goenka
2. Smt. Bhawna Goenka
3. Smt. Dhriti Goenka
4. Smt. Neeta Saraf
5. Smt. Namita Jain



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

B. Related Party Transactions

Nature of Transactions	Subsidiary		Key Managerial Personnel		Relative of Key Managerial Personnel / Associates / Others	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
(i) Transactions During the year						
a. Purchases of Goods	150,924,205	42,227,250	-	-	-	-
b. Rent Paid						
1. Nandlal Goenka	-	-	990,000	990,000	-	-
2. Navneet Goenka	-	-	675,000	900,000	-	-
3. Nitin Goenka	-	-	900,000	900,000	-	-
4. Bhawna Goenka	-	-	75,000	-	-	-
5. Nirmala Goenka	-	-	75,000	-	-	-
c. Remuneration						
1. Nandlal Goenka	-	-	6,000,000	6,000,000	-	-
2. Navneet Goenka	-	-	4,800,000	4,800,000	-	-
3. Nitin Goenka	-	-	4,800,000	4,800,000	-	-
d. Perquisites						
1. Navneet Goenka	-	-	710,160	710,160	-	-
2. Others	-	-	79,200	79,200	-	-
e. Dividend Paid						
1. Nandlal Goenka	-	-	9,855,000	9,855,000	-	-
2. Navneet Goenka	-	-	3,915,375	3,915,375	-	-
3. Nitin Goenka	-	-	4,097,625	4,097,625	-	-
4. Others	-	-	-	-	4,461,000	4,461,000
(ii) Balances as at 31.03.12						
a. Amount Receivable						
1. Advances	28,775,287	31,519,657	-	-	-	-
2. Others	-	-	-	-	-	-
b. Amount Payable						
1. Security Deposits						
i. Nandlal Goenka	-	-	50,000	50,000	-	-
ii. Navneet Goenka	-	-	-	50,000	-	-
iii. Nitin Goenka	-	-	50,000	50,000	-	-
iv. Bhawna Goenka	-	-	50,000	-	-	-
v. Nirmala Goenka	-	-	50,000	-	-	-
2. Credit Balance in Current Account of following parties						
i. Nandlal Goenka	-	-	2,027,416	674,854	-	-
ii. Navneet Goenka	-	-	366,985	213,484	-	-
iii. Nitin Goenka	-	-	676,025	589,936	-	-
iv. Bhawna Goenka	-	-	117,500	-	-	-
v. Nirmala Goenka	-	-	117,500	-	-	-
c. Investment	203,190	203,190	-	-	77,751,144	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2012

- 32 During the financial year 2010-2011, the Company had completed its Initial Public Offer (IPO) comprising of 93,71,000 equity shares at a price of ₹ 10/- which were issued at a price of ₹ 135/- per equity share (including share premium of ₹ 125/- per equity share) and raised funds amounting to ₹ 126,50,85,000/-. The Objects of the issue as mentioned in the prospectus were as follows : -

Sr. No.	Particulars of expenditure Amount	Amount ₹
1	Establishment of G WILD Stores	51,672,000
2	Establishment of CERES Stores	21,302,000
3	Working capital requirement for jewellery business	845,996,000
4	Establishment of jewellery manufacturing facility	38,436,000
5	Establishment of diamond processing facility	32,923,000
6	Investment in our Subsidiary	250,000,000
7	General corporate purposes	-
	Total	1,240,329,000

In view of the highly competitive and dynamic nature of the industry in which the Company operates and due to changing requirement of the company, the Board of Directors had approved at their meeting held on May 24, 2011 and the shareholders had also approved in the annual general meeting held on September 30, 2011, the following inter-se reallocation of utilisation of the IPO proceeds:

S. No.	Amount Received from IPO	1,265,085,000	1,265,085,000	1,265,085,000
	Particulars of proposed reallocated expenditure amount	Proposed ₹	Actual ₹	Actual ₹
			03/31/2012	03/31/2011
1	For expansion and establishment of new retail stores either by way of lease or outright purchase and increase in production capacity of Diamond and Jewellery manufacturing facilities and other general capex required for expansion	114,384,000	111,522,523	25,164,343
2	Funding to subsidiaries and such entities by way of equity, capital, Loans and Advances or in any other manner	200,000,000	31,014,477	31,519,657
3	Working Capital Requirement for business	845,996,000	845,996,000	845,996,000
4	General Corporate Purposes	21,837,000	21,837,000	21,837,000
5	Issue Expenses	82,868,000	82,868,000	82,868,000
	Total	1,265,085,000	1,093,238,000	1,007,385,000
	Unutilized Amount Represented by			
	Investments in Mutual Funds & Govt. Bonds		121,847,000	247,700,000
	Fixed Deposits / ICD		50,000,000	10,000,000



GOENKA DIAMOND AND JEWELS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

33	Earning Per Share (EPS)	Year ended		Year ended	
		<u>March 31, 2012</u>		<u>March 31, 2011</u>	
		₹	₹	₹	₹
a.	Profit after Tax (₹)		207,871,650		429,586,533
	- Before Exceptional Item	207,871,651		429,586,533	
	- After Exceptional Item	<u>207,871,651</u>		<u>429,586,533</u>	
b.	Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹) (a-b)		207,871,650		429,586,533
c.	i) Number of shares Outstanding During the Year (After adjustment for bonus shares issued)		31,700,000		31,700,000
d.	Weighted average number of Equity Shares outstanding during the year for Diluted EPS (d(i)+d(iii))		31,700,000		31,520,282
f.	Basic Earning Per Share				
	- Before Exceptional Item		6.56		13.63
	- After Exceptional Item		6.56		13.63
g.	Diluted Earning Per Share				
	- Before Exceptional Item		6.56		13.63
	- After Exceptional Item		6.56		13.63

34	Provisions & Contingent Liabilities	Year ended		Year ended	
		<u>March 31, 2012</u>		<u>March 31, 2011</u>	
		₹	₹	₹	₹
	1(a). Capital Commitment:				
	Estimated amount of contracts remaining to be executed and not provided for		5,618,000		8,357,170
	1(b). Contingent Liabilities:				
	Disputed Tax Matters:				
	Income Tax		-		3,389,347

35 The Income tax Authorities during the search u/s 132 of I.T Act 1961 on August 13, 1993 seized 5580 cts. of emerald cut valued at ₹ 819000/-. The same has been shown in the closing stock of emerald cut in the books of Accounts

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

36 Disclosure in respect of derivative instruments as at March 31, 2012

a) Following derivative instruments have been acquired for hedging purposes against our Export Receivables

Year ended March 31, 2012		Year ended March 31, 2011	
Type Of Currency	Value of Contract	Type Of Currency	Value of Contract
USD / INR	USD 18,520,144	USD / INR	USD 2,000,000

No of Contracts Outstanding "14" (Previous year "1")

b) No derivative instruments are acquired for trading or speculation purposes.

c) Foreign Currency Exposures that are not hedged by derivative instruments or otherwise are:

Particular	₹ In Crores		In Foreign Currency (USD Million)	
	2011-12	2010-11	2011-12	2010-11
Debtors	265.11	280.01	52.67	63.15
Creditors	83.22	121.65	16.14	27.06
Receivable from Subsidiary Company	1.81	0.36	0.36	0.70
Buyer Credit and EBRD Loan	Nil	4.97	Nil	1.10

37 The Company had given guarantee of ₹ 692 lacs for a loan borrowed by an associate firm in which Directors were interested. At the time of providing the guarantee the Company was exempt U/s. 295 (2) of the Companies Act, 1956 to obtain prior approval from the Central Government. However, on renewal of the same the Company was a public limited company and consequently the guarantee given to bankers was in contravention to Section 295 of the Companies Act. Punjab and Sind Bank vide its letter dated 10.02.2011 and UCO Bank vide its letter dated :05.02.2011, have released the company from the Corporate Guarantee issued by it in favor of the firm in respect of working capital facilities of ₹ 28.00 crores enjoyed by the firm from the above banks. The Company has made a composite application u/s. 621A for compounding of the offence with Hon. CLB, Northern Region Bench which is pending for disposal.

38 Segment Reporting

- Segment has been identified in line with the Accounting Standard – 17 "Segment reporting" issued by ICAI taking in to consideration the organization structure as well as the differential risks and returns of these segments.
- The differential risks and rewards of the company is more identifiable and associated with the method of distribution of Products and hence, the company has identified two reportable segment viz. Diamond & Gems and Retail Jewellery Operations.
- The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis. The amounts, which are not allocable to any segment, are shown unallocable under respective heads.



GOENKA DIAMOND AND JEWELS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	As at March 31, 2012				As at March 31, 2011			
	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total
Primary Segment (by Product) Revenue								
Segment Revenue	3,719,095,530	1,438,001,572	-	5,157,097,102	3,884,560,418	1,725,332,011	-	5,609,892,429
Results								
Segment Results	231,115,462	89,077,402	-	320,192,861	322,292,295	158,338,189	-	480,630,484
Other Income								-
Operating Profit				320,192,861				480,630,484
Other Income				26,569,711				40,083,033
Unallocable Expenses				(47,468,009)				(20,062,801)
Interest Expenses				(64,001,806)				(66,476,055)
Net Profit before tax.				235,292,758				434,174,661
Segment Assets	3,718,065,604	1,091,446,875	304,923,066	5,114,435,545	3,525,825,466	1,009,818,215	362,798,205	4,898,441,887
Segment Liabilities	982,886,217	73,820,501	1,233,677,013	2,290,383,731	2,087,066,840	97,586,965	60,765,385	2,245,419,190
Net Capital Employed	2,735,179,387	1,017,626,374	(928,753,946)	2,824,051,814	1,438,758,626	912,231,250	302,032,821	2,653,022,697
Capital Expenditure	10,641,830	68,050,745	89,729	78,782,304	6,637,923	59,034,934	4,931,646	70,604,503
Depreciation & Amortization	7,317,827	2,391,161	3,221,067	12,930,055	6,207,922	3,548,120	3,254,265	13,010,307
Non Cash expenses other than Depreciation & Amortization	-	-	-	-	-	-	-	-

Secondary Segment (by Geographical area)

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Revenue	1,714,349,788	3,365,996,170	5,080,345,958	2,016,388,856	3,593,503,573	5,609,892,429

39 Obligation towards operating Leases

Operating Lease Obligation

Not Later Than One Year

Later than one year but not later than five years

Later than five years

Total

	Year ended March 31, 2012	Year ended March 31, 2011
	₹	₹
Not Later Than One Year	10,493,704	7,057,000
Later than one year but not later than five years	10,067,416	6,059,000
Later than five years	-	-
Total	20,561,119	13,116,000

40 Advances to Subsidiary / Partnership Firm

- To M/s. M B Diamonds LLC (a company under same management). Maximum Balance outstanding during the year ₹ 95,058,024 (Previous Year ₹ 74,726,005).
- To M/s. Solitaire Diamond Exports (a Partnership Firm). Maximum Balance outstanding during the year ₹ 1,036,000 (Previous Year ₹ NIL).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2012

41 As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

As per our report of even date attached

For & On behalf of the Board

For **B. KHOSLA & CO.**
Chartered Accountants
F.R. No.: 000205C

For **HARIBHAKTI & CO.**
Chartered Accountants
F.R. No.: 103523W

NAVNEET GOENKA
Vice Chairman & Managing Director

SANDEEP MUNDRA
Partner
M.No.: 75482

SUMANT SAKHARDANDE
Partner
M.No.: 34828

NITIN GOENKA
Managing Director

Place - Mumbai
Date - May 29, 2012



Auditors' Report to the Board of Directors of Goenka Diamond & Jewels Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of Goenka Diamond & Jewels Limited ("the Company") and its Subsidiaries, (collectively referred to as "the Group") as at March 31, 2012 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated 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 of material misstatement. 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. A) We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of ₹ 60,00,10,160/- as at March 31, 2012, total revenues of ₹ 81,96,48,947/- and cash Inflows of ₹ 7,08,758/- for the year then ended.

The financial statements and other financial information of the said subsidiaries have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statement to the extent they are derived from such financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated financial statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Goenka Diamond & Jewels Limited and its subsidiaries.
5. Without qualifying our opinion, we draw attention to Note No. 37 to the financial statements, the Company has not complied with the provisions of section 295 of the Companies Act, 1956 in as much as it has not taken prior approval of the Central Government in respect of guarantee amounting to ₹ 69.2 million (amount outstanding as at March 31, 2012 – ₹ NIL) given on behalf of a firm in which a Director of the Company is a partner with more than 25% holding. The Company has made an application under Section 621A for compounding the offences. Pending the outcome of this application, no adjustments have been made to financial statement.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the component, 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 Group as at March 31, 2012;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For **B. Khosla & Co.**
Chartered Accountants
FRN No.000205C

Sandeep Mundra
Partner
Membership No. 75482

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W

Sumant Sakhardande
Partner
Membership No. 34828

Place: Mumbai
Date: May 29, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at March 31, 2012 ₹	As at March 31, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	317,000,000	317,000,000
Reserves And Surplus	2	2,514,540,915	2,337,041,399
Money received against share warrants		-	-
		2,831,540,915	2,654,041,399
Minority Interest		976,796	-
Non-Current Liabilities			
Long-Term Borrowings		-	-
Long-Term Provisions	3	5,888,451	8,147,468
		5,888,451	8,147,468
Current Liabilities			
Short-Term Borrowings	4	1,170,712,430	756,751,868
Trade Payables	5	1,435,852,255	1,425,393,894
Other Current Liabilities	6	111,784,780	11,341,901
Short-Term Provisions	7	51,584,796	36,842,533
		2,769,934,261	2,230,330,196
Total		5,608,340,423	4,892,519,063
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	74,915,807	74,713,314
Intangible Assets	8	1,567,561	1,793,033
Capital Work-In-Progress	8	66,841,420	58,371,478
Non-Current Investments		-	-
Deferred Tax Assets	9	5,803,847	4,734,184
Long-Term Loans and Advances	10	17,465,992	12,515,541
Other non-current assets		-	-
		166,594,627	152,127,550
Current Assets			
Current Investments	11	4,647,000	-
Inventories	12	1,442,413,072	1,382,405,767
Trade Receivables	13	3,660,426,042	2,982,538,378
Cash and Bank Balances	14	225,808,303	324,151,233
Short-Term Loans and Advances	15	87,717,467	47,068,688
Other Current Assets	16	20,733,912	4,227,447
		5,441,745,796	4,740,391,513
Total		5,608,340,423	4,892,519,063

Significant Accounting Policies

Other Notes on Financial Statements

25 to 32

As per our report of even date attached

For & On behalf of the Board

For **B. KHOSLA & CO.**
Chartered Accountants
F.R. No.: 000205C

For **HARIBHAKTI & CO.**
Chartered Accountants
F.R. No.: 103523W

NAVNEET GOENKA
Vice Chairman & Managing Director

SANDEEP MUNDRA
Partner
M.No.: 75482

SUMANT SAKHARDANDE
Partner
M.No.: 34828

NITIN GOENKA
Managing Director

Place - Mumbai
Date - May 29, 2012



GOENKA DIAMOND AND JEWELS LIMITED

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

	<u>Note No.</u>	<u>Year ended</u> <u>March 31, 2012</u> ₹	<u>Year ended</u> <u>March 31, 2011</u> ₹
REVENUE			
Revenue From Operations	17	5,719,276,325	5,609,892,429
Other Income	18	275,289,339	40,083,033
Total		5,994,565,664	5,649,975,462
EXPENSES			
Cost of Materials Consumed	19	4,659,505,829	4,902,132,354
Purchases of Stock-In-Trade	20	729,320,472	260,177,957
Changes in Stock-In-Trade	21	121,304,171	(217,429,995)
Employee Benefits Expense	22	30,346,459	39,488,992
Finance Costs	23	88,616,748	85,077,364
Depreciation and Amortization Expense	8	13,086,395	13,010,307
Other Expenses	24	108,703,400	130,527,937
Total		5,750,883,474	5,212,984,917
Profit Before Tax		243,682,190	436,990,546
Tax Expense:			
(1) Current Tax		31,961,967	8,227,287
(2) MAT Credit Entilement		(2,500,000)	-
(2) Earlier Years Tax		445,771	(122,441)
(3) Deferred Tax Charges/(Credits)		(1,069,663)	(3,515,748)
		28,838,075	4,589,098
Profit Before Minority Interest		214,844,115	432,401,448
Minority Interest		(966,796)	-
Profit for the Year		213,877,319	432,401,448

Earnings Per Share of ₹ 10 Each (Refer Note No.30)

Basic / Diluted (₹)	6.75	13.72
Before Extra-Ordinary Item	6.75	13.72
After Extra-Ordinary Item	6.75	13.72

Significant Accounting Policies

Other Notes on Financial Statements

25 to 32

As per our report of even date attached

For & On behalf of the Board

For **B. KHOSLA & CO.**
Chartered Accountants
F.R. No.: 000205C

For **HARIBHAKTI & CO.**
Chartered Accountants
F.R. No.: 103523W

NAVNEET GOENKA
Vice Chairman & Managing Director

SANDEEP MUNDRA
Partner
M.No.: 75482

SUMANT SAKHARDANDE
Partner
M.No.: 34828

NITIN GOENKA
Managing Director

Place - Mumbai
Date - May 29, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	Year ended March 31, 2012	Year ended March 31, 2011
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	243,682,190	436,990,546
Adjustment for		
Depreciation	13,086,395	13,010,307
Unrealised Exchange Difference	(19,126,862)	15,345,601
Foreign Currency Translation Reserve	464,730	(102,437)
Gratuity & Leave Liabilities	(2,259,017)	7,439,462
Other non-current assets	-	-
Finance Charges Paid	88,616,748	79,331,891
Interest Income	(10,656,690)	(5,745,473)
Dividend Income	(4,633,068)	-
Profit on Redemption on Current Investments	8,758,130	(32,968,907)
Operating Profit before Working Capital Changes	317,932,556	513,300,990
Adjustment for		
Trade and other receivables(including loans and advances)	(939,405,610)	(137,227,424)
Inventories	(60,007,305)	(594,266,338)
Trade payable	66,990,102	(684,104,895)
Other Current Liabilities	209,066,819	-
Cash generated from operations	(405,423,437)	(902,297,667)
Income Tax Paid (Net)	(15,906,955)	(18,086,711)
Fringe Benefit Tax Paid	-	-
Net cash from Operating Activities	(421,330,392)	(920,384,378)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(21,533,354)	(69,399,422)
Investment in Mutual Fund & Fixed deposits	133,724,984	(266,352,096)
Interest Income	10,656,690	5,745,473
Dividend Income	4,633,068	-
Profit on Redemption on Current Investments	(8,758,130)	32,968,907
Net cash from investing activities	118,723,257	(297,037,137)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Borrowings	463,438,466	113,497,528
Issue of Shares(including share premium thereon)	10,000	1,265,085,000
Share issue expenses	-	(50,995,440)
Interest & Bank Commission paid on Borrowings	(88,616,748)	(79,331,891)
Dividend Paid (Including Dividend Distribution Tax)	(36,842,533)	(37,058,192)
Net cash from financing activities	337,989,185	1,211,197,005
Net increase in Cash and Cash equivalent (A+B+C)	35,382,053	(6,224,510)
Cash and Cash equivalent in the Opening balance	43,035,038	49,259,548
Cash and Cash equivalent in the Closing balance	78,417,091	43,035,038
Note :		
Cash and cash equivalent include cash on hand,		
bank balance and cheques in hand.		
Closing Cash and Cash Equivalents as per books		
Total of Cash & Cash Equivalents (Refer Note No. 13)	225,808,302	324,151,233
Fixed Deposit	19,763,650	33,416,195
Highly Liquid Mutual Funds	127,627,561	247,700,000
Cash and Cash equivalent in the Closing balance	78,417,091	43,035,038
Cash in hand	647,397	3,037,519
Current Accounts	77,769,695	39,997,519
Total	78,417,091	43,035,038

As per our report of even date attached

For & On behalf of the Board

For **B. KHOSLA & CO.**
Chartered Accountants
F.R. No.: 000205C

For **HARIBHAKTI & CO.**
Chartered Accountants
F.R. No.: 103523W

NAVNEET GOENKA
Vice Chairman & Managing Director

SANDEEP MUNDRA
Partner
M.No.: 75482

SUMANT SAKHARDANDE
Partner
M.No.: 34828

NITIN GOENKA
Managing Director

Place - Mumbai
Date - May 29, 2012



SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED ON MARCH 31, 2012

1. Basis for Preparation of Consolidated Financial Accounts.

(a) The consolidated financial statement relates to Goenka Diamond And Jewels Limited, ('the holding Company) and its Subsidiary "M.B.Diamond,LLC" and Solitaire Diamond Exports (a partnership firm) (together referred to as 'GDJL Group') and has been prepared in compliance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provision of the Companies Act, 1956.

(b) The consolidated financial statement has been prepared under historical cost convention on an accrual basis.

2. Principle of Consolidation.

(a) The Subsidiary considered in the consolidated financial Statement is :

Name of Subsidiary	Country of Incorporation	Ownership Interest/ Voting Power	Financial Year Period
M.B. Diamonds LLC	Russia	95%	April 11 to Mar 12
Solitaire Diamond Exports	India	99%	April 11 to Mar 12

(b) The Consolidated financial statement has been prepared on the following basis.

- (i) The consolidated financial statement has been prepared in accordance with the Accounting Standard 21, -"Consolidated Financial Statement" issued by The Institute of Chartered Accountants of India.
- (ii) The financial statements of GDJL Group have been consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in un-realized profits or losses.
- (iii) The consolidated financial statement has been prepared by using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as those of the parent company's independent financial statements unless stated otherwise.
- (iv) The operations of foreign subsidiary have been considered by the management, as non integral operations as described Accounting Standard – AS 11 (revised) "Accounting for the effects of changes in foreign exchange rates" issued by ICAI.
- (v) The difference between the cost to the company of its investments in the subsidiary and its portion of equity of subsidiary at the date it became subsidiary is recognized in the financial statement as Goodwill or Capital Reserve, as the case may be. This is based upon determination of pre-acquisition profits/losses and of net worth on the date of acquisition determined by the management on the basis of certain estimates which have been relied upon by the auditors.
- (vi) Minority Interest in the consolidated financial statement is identified and recognized after taking into consideration;
 - The Minority' share of movement in equity since the date parent-subsidiary relationship came into existence.
 - The Profits/loss attribute to the minority is adjusted against the income of the group in order to arrive at the net income attribute to the company.
- (vii) As per requirement of AS-28 "Impairment of Assets" issued by ICAI, the management is of the opinion that there is no impairment of goodwill (on consolidation) except as provided in the financial statement.
- (viii) All Employees' related benefits including social security have been provided in accordance with the laws of the country in which the individual entity is operating.
- (ix) The financial statements of M.B.Diamonds, LLC for the period April 2011 to March 2012 have been prepared & are audited as per the generally accepted principles (GAAP) of the country in which it operates, and the same is being considered for the purpose of consolidation.
- (x) Other significant accounting policies are as set out in standalone financial statement of Goenka Diamond and Jewels Limited, to the extent applicable.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note No.

EQUITY AND LIABILITIES**1 Share Capital**

a The details of Authorised, Issued, Subscribed and paid up, capital are as under :-

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
Authorised Share Capital				
Equity Shares of ₹ 10/- each	33,000,000	3,30,000,000	33,000,000	3,30,000,000
Issued, Subscribed and Paid up				
Equity Shares of ₹ 10/- each	31,700,000	317,000,000	31,700,000	317,000,000
		317,000,000		317,000,000

b The Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year is as under :-

Particulars	As at March 31, 2012		As at March 31, 2011	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	31,700,000	317,000,000	31,700,000	317,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	31,700,000	317,000,000	31,700,000	317,000,000

c The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

d The details of shareholders holding more than 5% equity shares and preference shares as at reporting date are as under :-

Name of Shareholders	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Nandlal Goenka	9,855,000	31%	9,855,000	31%
Nitin Goenka	4,097,625	13%	4,097,625	13%
Navneet Goenka	3,915,375	12%	3,915,375	12%
Nandlal Goenka (HUF)	3,420,000	11%	3,420,000	11%
AXIS Bank Limited	-	0%	2,068,960	7%

e. Aggregate number of shares allotted as fully paid up by way of bonus shares

	2011-12	2010-11	2009-10	2008-09	2007-08
By Way of Bonus Shares	-	-	10,420,200	-	-



GOENKA DIAMOND AND JEWELS LIMITED

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2 Reserves & Surplus

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
A. Securities Premium Account :				
Opening Balance	1,088,507,042		1,171,375,000	
Add: Security premium credited on share issue	-		-	
	<u>1,088,507,042</u>		<u>1,171,375,000</u>	
Less: Premium utilised against share issue expenses	-		82,867,958	
		1,088,507,042		1,088,507,042
B. General Reserve:				
Opening Balance	9,908,000		9,908,000	
Add: Transferred from Profit and Loss Account	-		-	
	<u>9,908,000</u>		<u>9,908,000</u>	
Less: Transfer	-		-	
		9,908,000		9,908,000
C. Surplus/ (Deficit)				
Opening balance	1,237,912,051		842,353,133	
Add:				
Net Profit For the current year	213,877,319		432,401,448	
	<u>1,451,789,370</u>		<u>1,274,754,581</u>	
Less:				
Proposed Dividend	31,700,000		31,700,000	
Tax on Proposed Dividend	5,142,533		5,142,533	
Surplus/ (Deficit)		1,414,946,837		1,237,912,051
D. Foreign Currency Translation Reserve				
Opening balance	714,306		816,742	
Add: Addition during the year	464,730		-	
	<u>1,179,036</u>		<u>816,742</u>	
Less: Transfer	-		102,436	
		1,179,036		714,306
		2,514,540,915		2,337,041,399

NON CURRENT LIABILITIES

3 Long Term Provisions

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Provision For Employee Benefits:				
Provision for Gratuity	5,737,330		8,147,468	
Provision for Leave Encashment	151,121	5,888,451	-	8,147,468
		5,888,451		8,147,468

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**4 Short Term Borrowings**

a The details of Short- Term Borrowings as at March 31,2012 are as under :-

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Secured:				
Loan Repayable on demand from Banks				
Pre-shipment Credit	503,746,550		238,220,893	
Post-shipment Credit	666,965,880		491,356,840	
Buyer Credit	-	1,170,712,430	26,976,000	756,553,733
Unsecured:				
From Others		-		198,135
		1,170,712,430		756,751,868

b Nature of Security

(Working Capital Facilities is secured by:)

i) Hypothecation of Stock-in-trade and Book Debts on pari passu basis

ii) Further secured, on pari-passu basis: -

a. Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director, Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai and Factory land and building at surat

b. Personal Guarantees of all Promoter Directors of the Company.

iii) Pledge of units of Mutual Fund of ₹ 5.60 Cr. against Buyers Credit Loan

5 Trade Payables

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Trade Payables		1,435,852,255		1,425,393,894
		1,435,852,255		1,425,393,894

6 Other Current Liabilities

Other Current Liabilities consists of following :-

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Interest accrued but not due on borrowing		375,163		847,397
Unclaimed Dividend*		76,817		29,223
Employee benefit payables		2,762,871		2,205,415
Statutory Dues(including PF,TDS etc.)		1,015,728		1,153,090
Creditor for Capital goods		1,115,000		868,226
Due to director's in current account		3,092,731		1,473,274
Other Payables#		103,346,470		4,765,276
		111,784,780		11,341,901

* Investor Education and Protection Fund to be credited by the amount as and when required.

Includes ₹ 9,38,81,677/- being liabilities of outstanding foreign currency forward contracts arising on account of re-statement at closing rate.



GOENKA DIAMOND AND JEWELS LIMITED

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

7 Short Term Provisions

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Provision for employee benefits:				
Provision for Gratuity	1,173,330		-	
Provision for Leave Encashment	21,395	1,194,725	-	-
Proposed Dividend		31,700,000		31,700,000
Tax on Proposed Dividend		5,142,533		5,142,533
Provision for Taxation (Net of Advance Tax)		13,547,538		-
		51,584,796		36,842,533

8 Fixed Assets

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2011	Addition during the period	Deductions during the year	Total as on 31.03.2012	Upto 01.04.2011	Provided during the period	Adj. for deductions	Total upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
a.	Tangible Assets										
1	Leasehold Factory land	2,736,000	1,505,000	-	4,241,000	957,600	332,900	-	1,290,500	2,950,500	1,778,400
2	Buildings	67,679,339	3,247,421	-	70,926,760	21,884,313	3,399,378	-	25,283,691	45,643,069	45,795,026
3	Plant & Machinery	12,221,547	3,108,545	-	15,330,092	4,336,297	1,225,082	-	5,561,378	9,768,714	7,885,250
4	Electric Installation	2,286,599	11,500	-	2,298,099	684,172	223,473	-	907,645	1,390,454	1,602,427
5	Furniture & Fixtures	9,721,692	1,042,646	-	10,764,338	6,119,960	731,346	-	6,851,306	3,913,032	3,601,732
6	Office Equipment	4,544,859	772,920	-	5,317,779	1,349,222	525,771	-	1,874,993	3,442,786	3,195,637
7	Vehicle	12,656,708	-	1,376,479	11,280,229	8,758,937	1,009,133	929,861	8,838,209	2,442,020	3,897,771
8	Computers	3,339,704	3,822,002	-	7,161,706	2,161,309	1,479,474	-	3,640,783	3,520,923	1,178,395
9	Improvement on Leasehold Assets	14,613,893	-	-	14,613,893	8,835,217	3,934,366	-	12,769,583	1,844,310	5,778,676
b.	Intangible Assets										
10	Computer Software	863,910	-	-	863,910	598,938	225,472	-	824,410	39,500	264,972
11	Goodwill on Consolidation	1,528,061	-	-	1,528,061	-	-	-	-	1,528,061	1,528,061
c.	Capital Work in Progress	58,371,478	11,841,420	3,371,478	66,841,420	-	-	-	-	66,841,420	58,371,478
	Total	190,563,790	25,351,454	4,747,957	211,167,287	55,685,965	13,086,395	929,861	67,842,499	143,324,788	134,877,825
	Total for Previous year	118,431,225	12,233,026	-	130,664,251	42,675,656	13,010,307	-	55,685,965	74,978,286	

Notes:

1. Building include Flat at Jaipur which is not yet registered in the name of company.
2. Building includes 5 No. of shares held in Mount Unique CHS.

9 Deferred Tax Assets

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Deferred Tax Assets				
On account of Gratuity & Leave Encashment	2,298,136		2,706,589	
On account of Depreciation	3,505,711	5,803,847	2,027,595	4,734,184
		5,803,847		4,734,184

Net deferred tax charge/(credit) for the year of ₹ (10,69,663) (Previous year ₹ (35,15,748) has been recognized in the Profit and Loss Account for the year.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
10 Long Term Loans and Advances

(Unsecured and considered good unless otherwise stated)

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Capital Advances		1,100,000		100,000
Security Deposits #		13,865,992		12,415,541
MAT Credit Entitlement		2,500,000		
		<u>17,465,992</u>		<u>12,515,541</u>

include ₹ 2,00,000/- security deposit given to Managing Director, Directors and their relatives

CURRENT ASSETS**11 Current Investments**

(At lower of Cost and Market Price)

	As at March 31, 2012		As at March 31, 2011	
	₹		₹	
a.	Number	Amount	Number	Amount
Investment in Bonds (Quoted)				
Indian Railway Finance Corporation Limited	2,175	2,175,000	-	-
National Highways Authority of India	2,472	2,472,000	-	-
		<u>4,647,000</u>		<u>-</u>
b. Notes:-				
1. Aggregate amount of Quoted Investment		4,647,000		-
2. Market value of Quoted Investment		4,722,124		-
3. Aggregate amount of Non Quoted Investment		-		-
4. Aggregate amount of provision for diminution in value of Investment		-		-

12 Inventories

(Cost & Market Price whichever is lower)

(As taken, valued and certified by the Management)

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Raw Materials		841,062,023		769,533,833
Stock in Process		158,880,509		49,097,223
Finished Goods		442,470,540		563,774,711
		<u>1,442,413,072</u>		<u>1,382,405,767</u>

13 Trade Receivables

(Unsecured and considered good unless otherwise stated)

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Outstanding for more than Six Months from the date they are due for payments		240,019,119		541,045,725
Others		3,420,406,923		2,441,492,653
		<u>3,660,426,042</u>		<u>2,982,538,378</u>



GOENKA DIAMOND AND JEWELS LIMITED

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

14 Cash and Bank Balances	As at		As at	
	March 31, 2012		March 31, 2011	
Cash and cash equivalents	₹	₹	₹	₹
Balance with Banks		77,692,878		39,968,296
Cash on hand		647,397		3,037,519
Unpaid Dividend Account		76,817		29,223
Total (A)		78,417,092		43,035,038
Units of Mutual Funds **				
	Number	Amount in ₹	Number	Amount in ₹
ICICI Medium Term	-	-	5,139,643	53,000,000
ICICI Blended	-	-	4,856,868	50,000,000
DSP BlackRock FMP	-	-	470,000	4,700,000
IDFC Money ManagerFund	466,085	5,000,000	466,085	5,000,000
IDFC Saving Advantage Fund	-	-	98,188	135,000,000
ICICI Prudential Flexible Income Plan Premium - Div	64,922	6,864,561	-	-
ICICI Pru Interval Fund-II Qtrly Interval Plan-Div.	5,784,606	57,850,000	-	-
JM Financial Mutual Fund-Dividend	512,323	5,126,717	-	-
L & T Select Income Fund - Flexi Debt Inst- Growth	1,420,315	16,708,389	-	-
L & T Select Income Fund Flexi Debt Plan - Dividend	1,535,082	15,977,596	-	-
Reliance Liquid Fund-Treasury Plan-Daily Dividend	1,314,828	20,100,298	-	-
Total (B)		127,627,561		247,700,000
Other Bank Balance				
	₹	₹	₹	₹
Bank Deposits				
Pledged*	19,753,650		-	
Non Pledged	10,000	19,763,650	33,416,195	33,416,195
Total (C)		19,763,650		33,416,195
Total (A+B+C)		225,808,303		324,151,233

* Pledged deposits are with maturity period of more than 12 months

** In view of highly liquid nature of investments in mutual fund, the same have been disclosed under "Cash and Bank Balances" as cash & cash equivalent, as per AS 3 "Cash Flow Statement"

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

15 Short Term Loans and Advances

(Unsecured and considered good unless otherwise stated)

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Advance To Staff		169,070		208,517
Loans & Advances to				
Advance To Suppliers		755,147		22,171,288
Inter-corporate deposit		50,000,000		-
Prepaid Expenses		7,752,921		5,981,241
Balances with Tax Authorities		25,555,938		1,815,688
Advance Tax (Net of Provisions)		-		5,910,371
Others				
-Considered Good	3,484,391		10,981,582	
-Considered Doubtful	835,000		835,000	
	<u>4,319,391</u>		<u>11,816,582</u>	
Less - Provided for	835,000	3,484,391	835,000	10,981,582
		<u>87,717,467</u>		<u>47,068,688</u>

16 Other Current Assets

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Interest Accrued on deposits		689,363		809,971
Others		20,044,549		3,417,476
		<u>20,733,912</u>		<u>4,227,447</u>

17 Revenue from Operations

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Sale of Products:				
Export Sales	3,983,730,618		3,593,503,573	
Domestic Sales	<u>1,735,545,707</u>	5,719,276,325	<u>2,016,388,856</u>	5,609,892,429
Share of Profit from Partnership Firm		-		-
		<u>5,719,276,325</u>		<u>5,609,892,429</u>

18 Other Income

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Interest		10,656,690		5,745,473
Dividend		4,633,068		-
Liability No Longer required		3,793,590		-
Forward Contract Premium		15,864,823		997,480
Other Income		146,156		371,173
Profit on Redemption of Current Investments		8,758,130		32,968,907
Profit on Sale of Fixed Assets		216,519		-
Exchange Fluctuation (Net)		231,220,362		-
		<u>275,289,339</u>		<u>40,083,033</u>



GOENKA DIAMOND AND JEWELS LIMITED

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

19 Cost of Material Consumed	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Materials Consumed				
Opening Material-in-process		818,631,056		442,060,621
Add: Purchases		4,840,817,305		5,278,702,789
		<u>5,659,448,361</u>		<u>5,720,763,410</u>
Less: Closing Material-in-process		999,942,532		818,631,056
		<u>4,659,505,829</u>		<u>4,902,132,354</u>
20 Purchase of Stock-in-Trade	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Purchases of Finished Goods		729,320,472		260,177,957
		<u>729,320,472</u>		<u>260,177,957</u>
21 Changes in Stock-in-Trade	Year ended March 31, 2012		Year ended March 31, 2011	
Decrease/(Increase) of Stock-in-Trade consists of	₹	₹	₹	₹
Finished Goods:				
Opening Stocks				
Finished Goods		563,774,711		346,344,716
		<u>563,774,711</u>		<u>346,344,716</u>
Less: Closing Stocks				
Finished Goods		442,470,540		563,774,711
		<u>442,470,540</u>		<u>563,774,711</u>
		<u>121,304,171</u>		<u>(217,429,995)</u>
22 Employees Benefit Expenses	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Salaries, Wages, Bonus etc.		27,526,668		36,482,496
Contributions to Provident and Other Funds		2,109,171		2,188,264
Staff Welfare Expenses		710,620		818,232
		<u>30,346,459</u>		<u>39,488,992</u>
23 Financial Cost	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
Interest				
- On Working Capital Facilities		65,635,694		72,221,528
- Other Finance Charges		22,981,054		12,855,836
		<u>88,616,748</u>		<u>85,077,364</u>

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
24 Other Expenses**a. Manufacturing Expenses**

	Year ended		Year ended	
	<u>March 31, 2012</u>		<u>March 31, 2011</u>	
	₹	₹	₹	₹
Electricity & Water expenses		444,426		571,773
Factory Rent		2,095,308		1,365,542
Misc Factory Expenses		28,929,754		11,142,671
Factory Repair & Maintenance		107,100		220,804
Import Expenses		-		203,840
		<u>31,576,588</u>		<u>13,504,630</u>

b. Administrative & Selling Expenses

	Year ended		Year ended	
	<u>March 31, 2012</u>		<u>March 31, 2011</u>	
	₹	₹	₹	₹
Rent, Rates and Taxes		10,902,204		7,622,736
Water & Electricity		1,771,212		1,455,818
Insurance		1,378,083		1,502,514
Travelling and Conveyance		7,559,115		5,116,502
Legal and Professional		6,441,271		5,131,174
Postage and Telephone		1,642,041		1,511,753
Printing and Stationery		698,252		652,656
Advertisement and Business Promotion		11,740,769		7,458,865
Brokerage and Commission		1,088,551		924,341
Directors' Remuneration		15,600,000		15,600,000
Director's Sitting Fees		150,000		240,000
Misc. Expenses		4,835,091		6,067,448
Vehicle Running & Maintenance		981,851		412,476
Repair & Maintenance		2,593,077		1,752,658
Export and Selling Expenses		1,773,432		1,923,718
Diamond Certification Charges		2,747,785		658,039
Exhibition Expenses		3,896,661		2,716,445
Auditors' Remuneration				-
- Statuary Audit Fees	941,880		882,400	
- Taxation Matters	28,090		27,575	
- for Other services	248,177		248,175	
- Reimbursement Of Expenses	109,270	1,327,417	62,190	1,220,340
Exchange Fluctuation (Net)		-		54,220,824
Provision for Doubtful Debt		-		835,000
		<u>77,126,812</u>		<u>117,023,307</u>
Total Other Expenses		<u>108,703,400</u>		<u>130,527,937</u>



CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

25 Movement in Minority Interest

Particular	Minority Interest (Opening Balance)	Addition during the year	Deduction during the year	Minority Interest (Closing Balance)
M.B. Diamond LLC	(180,254)	371,785	-	191,531
Solitaire Diamond Exports	-	785,264	-	785,264
Total	(180,254)	1,157,049	-	976,795

- 26 a) The Company has the practice of recording all import and export transactions at the rate declared by the Customs department every month. Due to high volatility in the rates of USD during the year, there have been substantial differences in the Customs declared rate and the general rates prevailing on the date of the transactions. Had each of the import and export transactions been recorded at the RBI reference rate on the date of the transaction, the foreign exchange gain would have been lower by ₹ 7,89,90,671/- and normal trading profits would have been higher by the same amount.
- b) During the previous year, the Company's GM-Treasury executed forwards contracts on behalf of the company in excess of the limits as specified in the employment contract duly signed by him on account of which the company suffered a loss to the tune of ₹ 9,37,87,000/- which has been netted off against exchange loss / (gain) in P/L A/c of ₹ 5,64,81,632/- of the previous year.

27 Related Party Disclosures:

A. List of related parties and relationships:

Enterprises in which Key management personnel are interested :

- Goenka Diamonds Private Limited
- Mystique Jewels
- Goenka Jewellers
- Geet Holdings Private Limited
- Yash Holdings Private Limited
- Sonam Complex Private Limited
- Goenka Infra Projects Private Limited
- Goenka Mining Resources Private Limited
- Goenka Entertainments Private Limited
- Goenka Properties Private Limited
- Gem Gold Mining Private Limited
- Top Minerals Private Limited
- Aureus Gold Mines Private Limited
- Shree Vriddhi Mines and Minerals Private Limited
- Gold Minerals Private Limited
- Chrome Mines and Minerals Private Limited
- Goenka Power and Infra Limited
- D.V.Exports
- Dinyog Finvest Private Limited
- Nand Lal Goenka(HUF)

Key Management Personnel (KMP):

- Sh Nandlal Goenka
- Sh Navneet Goenka
- Sh Nitin Goenka

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Relative of Key Management Personnel

1. Smt. Nirmala Goenka
2. Smt. Bhawna Goenka
3. Smt. Dhriti Goenka
4. Smt. Neeta Saraf
5. Smt. Namita Jain

B. Related Party Transactions

Nature of Transactions	Key Managerial Personnel		Relative of Key Managerial Personnel		Associates	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
(i) Transactions During the year						
a. Rent Paid						
1. Nandlal Goenka	990,000	990,000	-	-	-	-
2. Navneet Goenka	675,000	900,000	-	-	-	-
3. Nitin Goenka	900,000	900,000	-	-	-	-
4. Bhawna Goenka	75,000	-	-	-	-	-
5. Nirmala Goenka	75,000	-	-	-	-	-
b. Remuneration						
1. Nandlal Goenka	6,000,000	6,000,000	-	-	-	-
2. Navneet Goenka	4,800,000	4,800,000	-	-	-	-
3. Nitin Goenka	4,800,000	4,800,000	-	-	-	-
c. Perquisites						
1. Navneet Goenka	710,160	710,160	-	-	-	-
2. Others	79,200	79,200	-	-	-	-
d. Dividend Paid						
1. Nandlal Goenka	9,855,000	9,855,000	-	-	-	-
2. Navneet Goenka	3,915,375	3,915,375	-	-	-	-
3. Nitin Goenka	4,097,625	4,097,625	-	-	-	-
4. Others	-	-	1,041,000	1,041,000	3,420,000	3,420,000
(ii) Balances as at 31.03.12						
a. Amount Payable						
1. Security Deposits						
i. Nandlal Goenka	50,000	50,000	-	-	-	-
ii. Navneet Goenka	-	50,000	-	-	-	-
iii. Nitin Goenka	50,000	50,000	-	-	-	-
iv. Bhawna Goenka	50,000	-	-	-	-	-
v. Nirmala Goenka	50,000	-	-	-	-	-
2. Credit Balance in Current Account of following parties						
i. Nandlal Goenka	2,027,416	674,854	-	-	-	-
ii. Navneet Goenka	366,985	213,484	-	-	-	-
iii. Nitin Goenka	676,025	589,936	-	-	-	-
iv. Bhawna Goenka	117,500	-	-	-	-	-
v. Nirmala Goenka	117,500	-	-	-	-	-



GOENKA DIAMOND AND JEWELS LIMITED

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

28	Earning Per Share (EPS)	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
a.	Profit after Tax (₹)	213,877,319	432,401,448
	- Before Exceptional Item		
	- After Exceptional Item		
b.	Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹)	213,877,319	432,401,448
	(a-b)		
	- Before Exceptional Item		
	- After Exceptional Item		
c.	i) Number of shares Outstanding During the Year (After adjustment for bonus shares issued)	31,700,000	31,700,000
d.	Weighted average number of Equity Shares outstanding during the year for Diluted EPS (d(i)+d(iii))	31,700,000	31,520,282
e.	Basic & Diluted Earning Per Share		
	- Before Exceptional Item	6.75	13.72
	- After Exceptional Item	6.75	13.72

29 Segment Reporting

- Segment has been identified in line with the Accounting Standard – 17 “Segment reporting” issued by ICAI taking in to consideration the organization structure as well as the differential risks and returns of these segments.
- The differential risks and rewards of the GDJL Group are more identifiable and associated with the method of distribution of Products and hence, the company has identified two reportable segment viz. Diamond & Gems and Retail Jewellery Operations.
- The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis. The amounts, which are not allocable to any segment, are shown unallocable under respective heads.

Particulars	As at March 31, 2012				As at March 31, 2011			
	Diamond & Gems	Jewellery	Unallocable	Consolidated Total	Diamond & Gems	Jewellery	Unallocable	Consolidated Total
Primary Segment (by Product)								
Revenue								
Segment Revenue	4,281,274,753	1,438,001,572	-	5,719,276,325	3,884,560,418	1,725,332,011	-	5,609,892,429
Results								
Segment Results	223,639,515	89,077,402	-	312,716,917	325,108,183	158,338,189	-	483,446,371
Operating Profit				312,716,917				483,446,371
Other Income				44,068,976				40,083,033
Unallocable Expenses				(47,468,009)				(14,317,333)
Interest Expenses				(65,635,694)				(72,221,528)
Net Profit before tax.				243,682,190				436,990,546
Segment Assets	4,211,970,482	1,091,446,875	304,923,066	5,608,340,423	3,527,110,137	1,009,818,215	362,798,205	4,899,726,557
Segment Liabilities	1,469,301,993	73,820,501	1,233,677,013	2,776,799,508	2,087,332,810	97,586,965	60,765,385	2,245,685,160
Net Capital Employed	2,742,668,489	1,017,626,374	(928,753,947)	2,831,540,915	1,439,777,337	912,231,250	302,032,820	2,654,041,397

Secondary Segment (by Geographical area)

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Revenue	1,714,349,788	4,004,926,537	5,719,276,325	2,016,388,856	3,593,503,573	5,609,892,429

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

30 Provisions & Contingent Liabilities		Year ended March 31, 2012	Year ended March 31, 2011
		₹	₹
1(a). Capital Commitment:			
Estimated amount of contracts remaining to be executed and not provided for		5,618,000	8,357,170
1(b). Contingent Liabilities:			
Disputed Tax Matters:			
Income Tax		-	3,389,347
31	The Company had given guarantee of ₹ 692 lacs for a loan borrowed by an associate firm in which Directors were interested. At the time of providing the guarantee the Company was exempt U/s. 295 (2) of the Companies Act, 1956 to obtain prior approval from the Central Government. However, on renewal of the same the Company was a public limited company and consequently the guarantee given to bankers was in contravention to Section 295 of the Companies Act. Punjab and Sind Bank vide its letter dated 10.02.2011 and UCO Bank vide its letter dated :05.02.2011, have released the company from the Corporate Guarantee issued by it in favor of the firm in respect of working capital facilities of ₹ 28.00 crores enjoyed by the firm from the above banks. The Company has made a composite application u/s. 621A for compounding of the offence with Hon. CLB, Northern Region Bench which is pending for disposal.		
32	As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.		

As per our report of even date attached

For & On behalf of the Board

For **B. KHOSLA & CO.**
Chartered Accountants
F.R. No.: 000205C

For **HARIBHAKTI & CO.**
Chartered Accountants
F.R. No.: 103523W

NAVNEET GOENKA
Vice Chairman & Managing Director

SANDEEP MUNDRA
Partner
M.No.: 75482

SUMANT SAKHARDANDE
Partner
M.No.: 34828

NITIN GOENKA
Managing Director

Place - Mumbai
Date - May 29, 2012



GOENKA DIAMOND AND JEWELS LIMITED

FINANCIAL INFORMATION OF SUBSIDIARY COMPANY

Name of Subsidiary Company	M. B. Diamonds LLC	
Reporting Currency	INR	ROUBLES
Capital Reserves	4,975,696	2,821,444
Total Assets	37,634,040	21,342,960
Total Liabilities	37,634,040	21,342,960
Investments	-	-
Turnover/ Total Income	171,293,222	105,710,456
Profit Before Taxation	8,835,684	5,452,780
Provision for Taxation	1,416,967	803,588
Profit After Taxation	7,418,717	4,649,192
Proposed Dividend	-	-
Country	RUSSIA	
Notes:		
As on March 31, 2012 : 1 Rouble = ₹ 1.7633		

On behalf of the Board of Directors
For **Goenka Diamond and Jewels Limited**

NAVNEET GOENKA
Vice Chairman & Managing Director

NITIN GOENKA
Managing Director

Place: Mumbai

Date: May 29, 2012

[illegible]



GOENKA DIAMOND AND JEWELS LIMITED

Registered Office: 401, Panchratana, Moti Singhbhomiyaon Ka Rasta, Johari Bazar, Jaipur-302003

ATTENDANCE SLIP

Annual General Meeting 2011-2012

I hereby record my presence at the Twenty Second Annual General Meeting of the Company at Royal Court, Country Inn & Suites by Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001 on Thursday, September 27, 2012 at 11.00 a.m.

Full Name of the Shareholder (in Block Letters)

Signature

Folio No./DP ID & Client ID

No. of Shares held

(Full Name of the Proxy (in block letters))

Signature

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting place.



GOENKA DIAMOND AND JEWELS LIMITED

Registered Office: 401, Panchratana, Moti Singhbhomiyaon Ka Rasta, Johari Bazar, Jaipur-302003

PROXY FORM

Annual General Meeting 2011-2012

Folio No

DP ID No

Client Id

I/We, _____
of _____ in the district of _____ being a member/ members of the above named
Company hereby appoint Mr./Ms./Kum _____ in
the district of _____ as my / our Proxy to attend
and vote for me/ us on my/ our behalf at the Twenty Second Annual General Meeting of the Company to be held at Royal Court,
Country Inn & Suites by Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001 on Thursday, September 27, 2012 at 11.00 a.m.
and at any adjournment thereof .

Signed this _____ day of _____, 2012

Address _____

Member's Signature _____

Affix
₹1
Revenue
Stamp

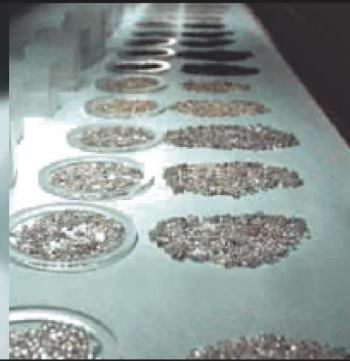
Note: The Proxy form duly completed must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the Meeting. A proxy need not be a member.

FULLY INTEGRATED BUSINESS MODEL

ROUGH DIAMONDS



ROUGH DIAMONDS ASSORTMENT



PROCESSING OF ROUGH DIAMONDS



POLISHED DIAMONDS ASSORTMENT

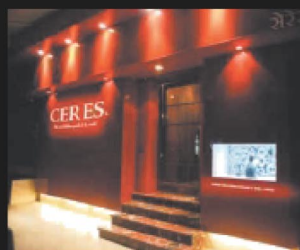
POLISHED DIAMONDS

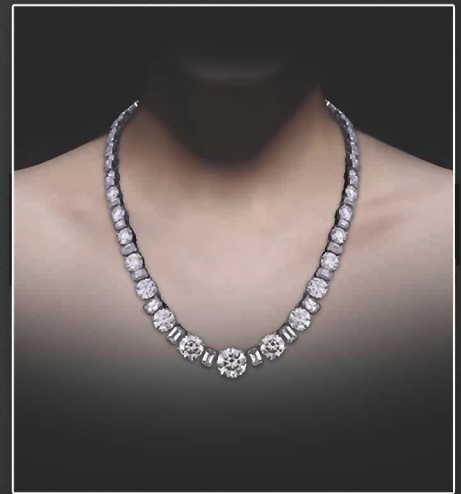
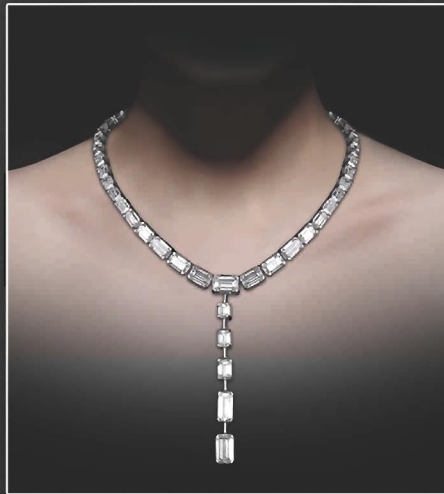


JEWEL MANUFACTURING FACILITY



RETAIL STORE





Goenka Diamond & Jewels Limited

Registered Office : 401, Panchratna, M. S. B. Ka Rasta, Johari Bazaar,
Jaipur-302003 India. Tel: 0141-2574175 Fax: 0141 - 2573305

www.goenkadiamonds.com