

GITANJALI



BrandCapital

Gitanjali Gems Limited

annual
2010/11
report



A consumer brand exudes multiple hues of life.

It can be related with the thoughts, feelings, perceptions, experiences, beliefs and attitudes of a wide consumer spectrum.

Every customer is different, but there are certain mega trends that are emerging: a contemporary customer is more discerning and well-informed, seeks higher value in terms of lightweight jewellery and design precision, and is more receptive to global brands.

At Gitanjali, we are catering to the evolving needs of customers by virtue of our decades-rich experience and expertise in branded jewellery. Each of our brands has its distinct personality, which creates its enduring appeal.

Ever since pioneering the retail revolution, Gitanjali has aggressively expanded its retail network, showcasing an ensemble of multiple brands, nationally and internationally.

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Corporate Information

Board of Directors

Mr. Mehul Choksi, Chairman & Managing Director
Mr. Nehal Modi, Non -Executive Director
Mr. Dhanesh Sheth, Non -Executive Director
Mr. Nitin Potdar, Independent Director
Mr. Sujal Shah, Independent Director
Mr. S. Krishnan, Independent Director

Company Secretary & Compliance Officer

Ms. Pankhuri Warange

Audit Committee

Mr. Sujal Shah, Chairman
Mr. Nitin Potdar
Mr. S. Krishnan
Mr. Dhanesh Sheth

Shareholders/Investor's Grievance Committee

Mr. Dhanesh Sheth, Chairman
Mr. Mehul Choksi
Mr. Nitin Potdar

Remuneration Committee

Mr. Sujal Shah, Chairman
Mr. S. Krishnan

Allotment Committee

Mr. Mehul Choksi, Chairman
Mr. Dhanesh Sheth
Mr. Sunil Varma

Borrowing Committee

Mr. Mehul Choksi, Chairman
Mr. Dhanesh Sheth
Mr. Sunil Varma

Investment Committee

Mr. Mehul Choksi, Chairman
Mr. Dhanesh Sheth
Mr. Sunil Varma

Administrative Committee

Mr. Mehul Choksi, Chairman
Mr. Dhanesh Sheth
Mr. Sunil Varma

Securities Committee

Mr. Mehul Choksi, Chairman
Mr. Dhanesh Sheth

Executive Management Committee

Mr. Mehul Choksi, Chairman
Mr. Nehal Modi
Mr. Dhanesh Sheth
Mr. Nishit Mehta

Auditors

M/s Ford, Rhodes, Parks & Co.
Sai Commercial Building, 312/313, 3rd Floor
BKS Devshi Marg, Govandi (East), Mumbai – 400 088

Bankers

Allahabad Bank
Andhra Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Corporation Bank
Dena Bank
Export Import Bank of India
ICICI Bank Limited
IDBI Bank Limited
Indian Overseas Bank
IndusInd Bank Limited
Karnataka Bank Limited
Punjab National Bank
Punjab & Sind Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Hyderabad
Standard Chartered Bank
Syndicate Bank
The Karur Vysya Bank Limited
Union Bank of India
United Bank of India

Registered Office

801/802, Prasad Chambers,
Opera House, Mumbai – 400004
Tel. : +91 - 022 - 4036 2222
Fax : +91 - 022 - 2363 0363
E-mail : investors@gitanjaligroup.com

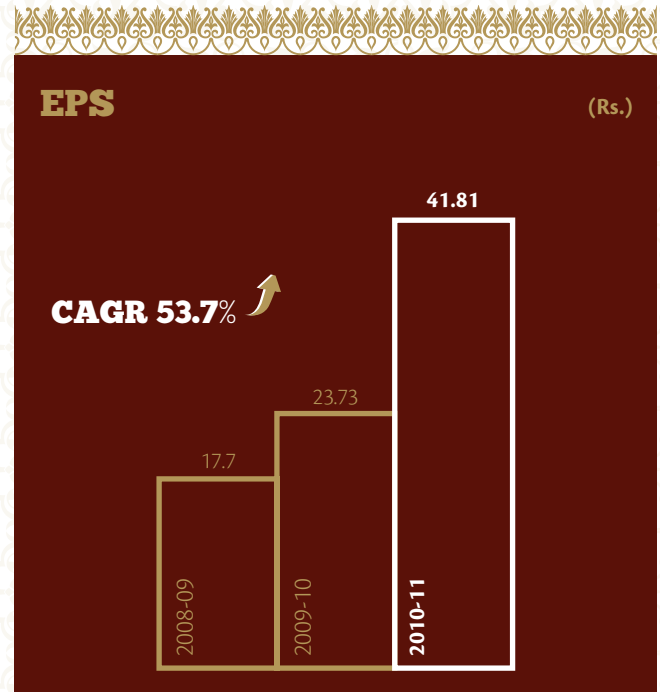
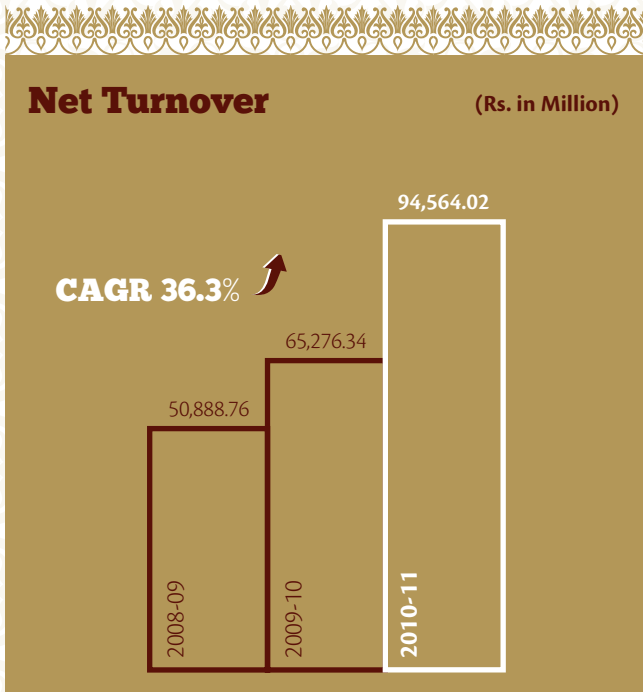
Corporate Office

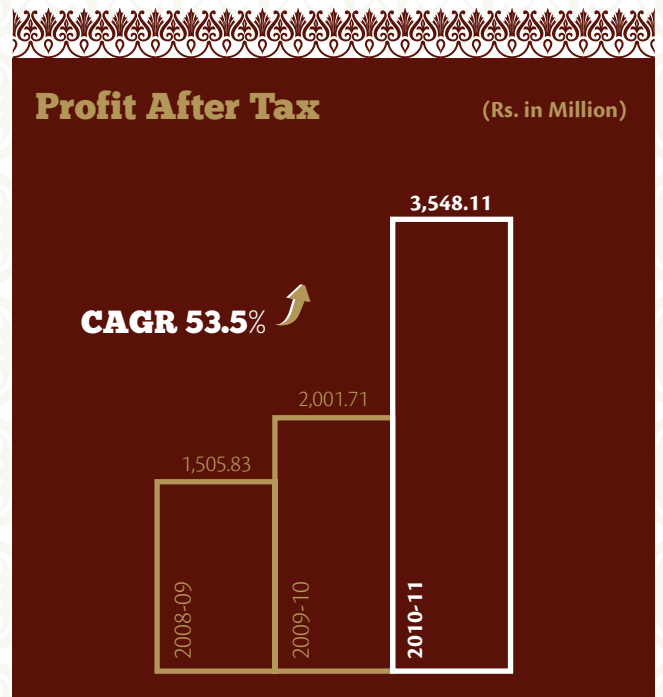
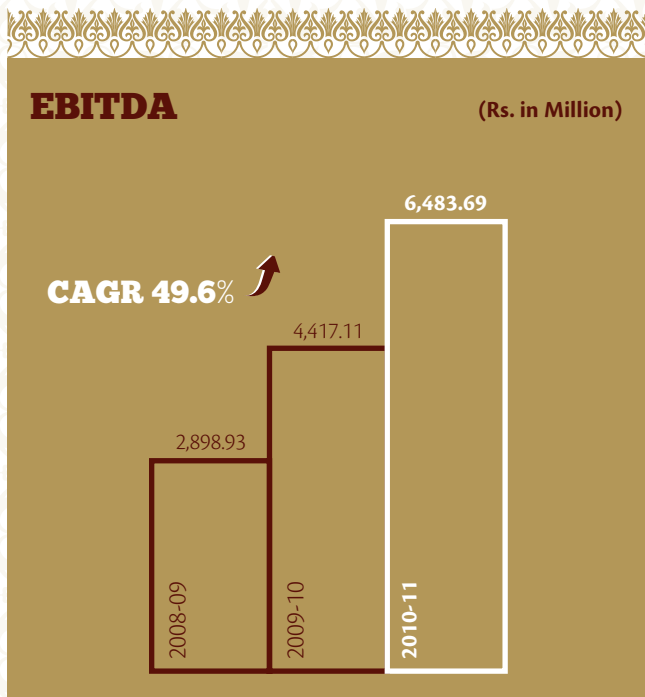
B- 6, 1st Floor, Laxmi Tower, Bandra Kurla Complex,
Bandra (E), Mumbai- 400 051.
Tel. : +91 - 022 - 4010 2000 / 01
Fax : +91 - 022 - 4010 2003
E-mail : investors@gitanjaligroup.com

Registrar & Transfer Agent

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

Three Year Financial Highlights





Chairman's Message



 Mehul C Choksi
Chairman and Managing Director

The Group underwent an identity makeover during the year. This was primarily required to establish our multiple brands and to position our Group as one of the largest global conglomerates in our industry, offering a tantalising array of brands in the lifestyle and luxury segment.

Dear Shareholders,

The global economy is now fraught with uncertainties, with the US and Euro zone economies facing unprecedented crisis. Weak economic recovery in the US and the spread of debt burden in the US and Euro zone can decelerate the pace of global economic growth. Despite the looming clouds and the hidden fears of slower than expected global recovery, India will continue to grow much faster than developed economies. The country's enormous domestic demand, driven by rising affluence in semi-urban and rural areas, is expected to catalyse the next phase of economic growth.

India's gems and jewellery industry will be largely benefited by rising aspirations and increasing disposable income of people residing in Tier-2 and Tier-3 cities and towns. Recently, the preference for branded jewellery has also increased substantially among the rural and semi-

During the year, we increased our own stores from 185 to 210, and added 40 new franchises to take the store count to 255. The shop-in-shop modern retail format reached 520 at the end of FY 2011.

urban populace. At Gitanjali, we are aggressively focusing at expansion in Tier 2 and Tier 3 towns and cities.

Our strategy has been to market multiple brands with a multi-channel approach across varied geographies. Celebrity endorsements have also been one of our highly successful strategies to grab maximum 'eye share'. Let me enumerate the specific rules we have adopted to drive a multi-brand and multi-format strategy.

Rule 1: Each brand must be meant for a specific target segment

Studies show that consumers purchase a product, when they specifically know what the product is, what it stands for and what status symbol it carries. Hence, it is important to distinguish amongst the various product brands and clearly define what each brand would offer and for whom the brand is meant for.

Rule 2: Each brand must carry its own architecture and personality, which relates to the brand ambassador

It is important for the brand ambassador's personality to relate to the brand image we wish to instill in the consumer's mind.

Rule 3: Each brand must be "glocal", a combination of global and local

Brands must be country specific, as different geographies have different cultures, lifestyle patterns and income or savings patterns.

Rule 4: Adopt clearly defined advertisements that are specifically meant for the target audience, with subsequent ads reflecting the same brand perception

A new brand must be launched with clearly defined and targeted ad promotional campaigns. Positioning a new brand is easier than changing the perceptions of an existing brand. The initial brand advertisement should be carefully crafted to establish the brand's identity, with subsequent advertisements complementing the initial one.

Gitanjali is today one of the leading global players in jewellery branding and retailing. The Group is present across the entire value chain, right from sourcing diamonds to retailing jewellery.

The year 2010-11 was an outstanding year for us. Our revenues surged by 45%, catalysed by powerful branding initiatives, launch of new collections and retail sales. The year focused on retail expansions of the franchise, shop-in shop and owned store

formats. During the year, we increased our own stores from 185 to 210, and added 40 new franchises to take the store count to 255. The shop-in-shop modern retail format reached 520 at the end of FY 2011. Since many of these stores were started in the last three years, we are now achieving robust sales from most of them. We are expecting an overall growth of 40-45% in our retail segment. As of 31st March, 2011, Gitanjali's retail space stood at over 1.3 millions square feet. Gitanjali currently occupies about 60% of the Indian organised mall space belonging to the jewellery category.

The Group underwent an identity makeover during the year. This was primarily required to establish our multiple brands and to position our Group as one of the largest global conglomerates in our industry, offering a tantalising array of brands in the lifestyle and luxury segment. The new corporate identity is an endeavour to reinforce consumer trust in our 'brand strength' or brand capital, as well as to communicate the values each brand espouses. The evolution and vision of the Group also needed to be re-emphasised.

Global acquisitions have been high on our agenda to enhance visibility and acquire knowledge. During the year, we acquired Giantti Italia Srl. This Italian jewellery company will operate as our wholly-owned subsidiary. Besides providing access to designing and branding expertise from Italy, the acquisition would help Gitanjali to grow its overseas business. Globally, Gitanjali has stores in the US and the Middle East.

We are also focusing on aggressive expansions in India, increasing the retail presence to 2 million square feet by FY 2015. With organised domestic retail expected to grow annually at 10-12%, Gitanjali expects to grow 25-30% in the next five years. Alliances with global players have helped us bring innovative and unique design collections. The lifestyle business and the branded jewellery retail business derive synergy from each other, thus enhancing market visibility.

2010-11 has set the pace for more exciting innovations, branding and retail expansion at Gitanjali. Thanks for your trust and support. It's our most coveted asset to fuel future growth.

Warm Regards,

Mehul C Choksi

Chairman and Managing Director

Notice

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting (AGM) of Gitanjali Gems Limited will be held on Monday, 26th September, 2011 at 3.00 P.M. at M.C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Marg, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai - 400001 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the reports of Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Dhanesh Sheth, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

By order of the Board of Directors

Mehul Choksi

Chairman and Managing Director

Place: Mumbai

Date: 12th August, 2011

Registered office

801 / 802, Prasad Chambers,
Opera House, Mumbai - 400 004

Notes:

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

- a. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote at the AGM.
- b. For convenience of the Members and for proper conduct of the meeting, members/ proxies are requested to bring copy of annual report along with the Attendance Slip duly filled in and signed for attending the AGM.
- c. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting, to facilitate identification of membership at the meeting.
- d. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- e. Members who would like to ask any question on the accounts are requested to send their questions to the Company at an earlier date before the Annual General Meeting to enable the management to answer their queries at the meeting satisfactorily.
- f. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 13th September, 2011 to Monday, 26th September, 2011 (Both days inclusive).

- g. If dividend on equity shares as recommended by the Board of Directors is declared at the Annual General Meeting, payment of such dividend will be made to those members whose names appear on the Register of Members as on Tuesday, 13th September, 2011. In respect of shares held in electronic form, dividend will be payable to the beneficial owners of shares as at the end of business hours on Monday, 12th September, 2011 as per details furnished by the Depositories for this purpose.
- h. Non-resident Indian members are requested to inform the Registrar, Karvy Computershare Private Limited immediately on:
- (a) Change in the residential status on return to India for permanent settlement.
 - (b) The particulars of the bank accounts maintained in India with complete name, branch, and account type, account number and address of the bank, if not furnished earlier.
- i. Members, who wish to avail the ECS facility, may provide the Company with ECS mandate for crediting the future dividend payment directly to their respective bank accounts. The Company shall be able to coordinate with the bankers only on receipt of the necessary information. The main information required therein is the type of account, name of the bank and the account number. It should be signed by all the holders, as per the specimen signature recorded with the Company/Depository Participant.
- j. Members who hold shares in physical form are requested to notify any change in their addresses to the Company's Registrar & Transfer Agents, M/s Karvy Computershare Private Limited, Gitanjali Gems Limited Unit, Plot No 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081 and to their respective depository participants, in case shares are held in electronic mode.
- k. Members who wish to obtain information on the Company or view the accounts for the financial year ended 31st March, 2011, may visit the Company's corporate website www.gitanjaligroup.com.
- l. The Company has designated an exclusive email ID viz. investors@gitanjaligroup.com which would enable the investor to post their grievances and monitor its redressal. Any member having any grievance can post the same to the said email address for its quick redressal.
- m. In order to avoid fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrar & Transfer agents, under the signature of the Sole/ First joint holder, the following information for enabling the corresponding particulars to be incorporated on dividend warrants, as and when issued:
- (i) Name of the Sole/ First joint holder and the Folio Number (ii) Particulars of Bank Account, viz.:
 - (a) Name of Bank
 - (b) Name of the Branch
 - (c) Complete address of the Bank with Pin Code Number
 - (d) Account type, whether Savings Account or Current Account
 - (e) Bank Account Number
- n. Members who hold shares in dematerialised form may kindly note that their bank details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.
- o. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of the shares held by them. The Nomination form 2B in duplicate prescribed by the Government can be obtained from the Company's Registrar & Transfer Agent, M/s Karvy Computershare Private Limited, Hyderabad.
- p. Please note that in terms of SEBI circular No. MRD/ DoP/ Cir -05/2009 dated 20th May, 2009, it is mandatory for the transferee(s) to submit copies of their PAN card along with request for transfer of shares of listed Companies in physical form. Accordingly, all transferees are requested to submit self – attested copies of their PAN card along with their request for transfer of shares of the Company in physical form in compliance with the above circular, failing which their request for transfer of shares will be returned under objection.

- q. The details pertaining to Directors liable to retire by rotation as required to be provided pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is as follows:

Name of the Director	
Mr. Dhanesh Sheth	
Date of Birth	11.07.1957
Date of Appointment	01.08.1990
Expertise in specific function area	He is a Commerce graduate and has been associated with Gitanjali for more than two decades and has been on the Board for more than 20 years.
Qualification	B. Com
List of outside Directorships held as on 31st March, 2011	<ol style="list-style-type: none"> 1. Brightest Circle Jewellery Ltd. 2. Gili India Ltd. 3. West Bengal SEZ Ltd. 4. Raigad Gems SEZ Ltd. 5. Gitanjali Retail Ventures Ltd. 6. Gitanjali Gold and Precious Ltd. 7. Eureka Finstock Pvt. Ltd. 8. Cria Jewellery Pvt. Ltd. 9. Decent Securities and Finance Pvt. Ltd. 10. Modali Gems Pvt. Ltd. 11. N&J Finstocks Pvt. Ltd. 12. Priyanka Gems Pvt. Ltd. 13. Mozart Trading Pvt. Ltd. 14. Prism Bullion Pvt. Ltd. 15. Audarya Investments Pvt. Ltd. 16. Rohan Diamond Pvt. Ltd. 17. Naviraj Estates Pvt. Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company as on 31st March, 2011	<ol style="list-style-type: none"> 1. Chairman of Shareholders'/Investors' Grievance Committee 2. Member of Borrowing Committee 3. Member of Investment Committee 4. Member of Allotment Committee 5. Member of Audit Committee 6. Member of Administrative Committee 7. Member of Executive Management Committee
Chairman/Member of the Committee of the Board of Directors of other Companies as on 31st March, 2011	<ol style="list-style-type: none"> 1. Member of Audit Committee - Gitanjali Brands Ltd. 2. Member of Audit Committee - Gili India Ltd.
Number of shares held in the Company as on 31st March, 2011	4,876

Green Initiative in Corporate Governance

The Ministry of Corporate affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by companies through electronic mode. Companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Keeping in view the underlying theme and circular issued by MCA, we propose to send all documents to be sent to shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. from the year ended 31st March, 2011 onwards to the e-mail address provided by them and made available to us by the Depositories.

Members who have not registered their email addresses so far are requested to register their email address, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their email addresses with Karvy Computershare Pvt. Ltd, Registrar and Share Transfer Agents of the Company.



Directors' Report

The net profit after tax stood at Rs. 2246.03 millions as against Rs. 1420.91 millions in the previous year.

To,
The members of
Gitanjali Gems Limited

Your Directors are pleased to present the 25th Annual Report on the business and operations of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs. in millions)

	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Sales & Other Income	51,232.7	33,552.52	94,723.96	65,302.17
Expenditure	47,906.04	31,008.41	88,420.94	60,885.06
Interest	1,003.44	1,011.14	2,087.20	1,724.31
Depreciation	33.56	39.41	563.72	445.41
Exceptional Items	-	-	180.67	-
Profit Before Taxes	2,289.65	1,493.56	3,832.77	2,247.39
Provision for Income Tax	45.00	69.50	404.13	244.20
Earlier Years (Excess)/ Short Provision	-	2.20	-	-
Provision for Deferred Tax	(1.38)	0.95	(137.01)	(12.30)
Provision for Fringe Benefit Tax	-	-	-	(0.00)
Net Profit for the Year	2,246.03	1,420.91	3,565.65	2,015.49
Profit brought forward from earlier Years	6,450.46	5,604.65	7,601.60	6,197.38
Amount available for Appropriation	8,696.49	7,025.56	11,166.53	8,176.71
Appropriations:				
Proposed Dividend (including Dividend Tax)	295.91	197.18	295.91	197.18
Transfer to General Reserve	230.00	120.00	230.00	120.00
Capital Redemption Reserve	-	7.93	3.33	7.93
Debenture Redemption Reserve	250.00	250.00	250.00	250.00
Balance Carried to Balance Sheet	7,920.57	6,450.45	10,387.29	7,601.60

TURNOVERS & PROFITS

The Directors wish to inform you that during the financial year ended 31st March, 2011 the sales and other income increased from Rs. 33552.52 millions to Rs. 51232.7 millions. The net profit before tax stood at Rs. 2289.65 millions as against Rs. 1493.56 millions in the previous year. The net profit after tax stood at Rs. 2246.03 millions as against Rs. 1420.91 millions in the previous year.

BUSINESS REVIEW

1. DIAMOND AND JEWELLERY MANUFACTURING SEGMENT

The Company engages in an end-to-end diamond processing chain which begins with Marking, Cleaving, Sawing, Cutting and finally, Polishing. It procures rough diamonds from various major reputed diamond suppliers across the globe. These rough diamonds are processed and polished in the modern diamond processing units.

The Company is making conscientious efforts in addressing the large market opportunities that exist in the Diamond Segment both in India and abroad. Exports of Gems and Jewellery are also on the upswing. Large opportunities exist in exports by converting diamond into Jewellery before exports.

The Company also has state of art manufacturing facilities of Jewellery catering to its domestic as well as International distribution.

2. BRANDED JEWELLERY SEGMENT

Branded Jewellery Segment is India Focused Segment of the group, which caters to over 3600 points of sales across the country. Gitanjali owns 8 out of top 10 brands in the country. Asmi, Gili, Nakashtra, and D'Damas have become most dominating brand today in the jewellery segment in India. All these brands are housed in separate legal entities with their manufacturing strength offers India's largest jewellery distribution and retail model under this segment.

Multi-brands retail outlets are also under this segment to develop company owned and franchise formats for the group. This segment holds Gitanjali's lifestyle business of accessories and watches.

Gitanjali has been the pioneer in the branded jewellery segment and is amongst the first few companies to launch its own outlets to sell branded jewellery in India. The Group's "Gili" brand of jewellery, introduced in 1994, was among the first branded jewellery introduced in India. The Group's brands and sub-brands are aimed at different customer profiles, various markets and price segments and enjoy significant brand equity and market share.

Gitanjali's brand portfolio includes leading jewellery brands like GILI, Nakashtra, Asmi, Sangini, D'damas etc. The other important brands under various sections including jewellery, fashion accessories,

watches and silver ware are Collection G, Gold Expressions, Vivaaha, Glitterati, Maya Gold, Diya, Stefan Hafner, Shuddhi, Lucera, Hoop, Bella, Revv, Rivaaz, Giantti, World of Solitaire, Me Solitaire, World of Silver, Bezel, Morellato etc.

3. INTERNATIONAL DISTRIBUTION AND RETAIL SEGMENT.

Gitanjali forayed into the US market by acquiring Samuels and Rogers, a retail chain in USA. Gitanjali now has 111 stores in USA. International segment also caters to retail and distribution in Middle East, China and Japan and other jewellery consumption countries.

Recent acquisition of DIT Group's assets in Italy aims to target Italian designs of jewellery for Russian and Saudi Arabian Markets while Indian designs have penetrated in Asian Sub-continent.

International segment will compliment company's vision to become world's largest jewellery player with integrated model.

DIVIDEND

Your Directors recommended a dividend of Rs. 3.00 per equity share for the year ended 31st March, 2011 at their meeting held on 27th May, 2011. Subsequently on 3rd August, 2011, the Company issued 611795 Equity Shares of Rs. 10 each upon conversion of FCCBs worth USD 3 millions. The said shares rank pari passu with the existing shares and are entitled to get all benefits of existing shares. The payment of dividend is subject to the approval of shareholders at the ensuing Annual General Meeting.

TRANSFER TO RESERVES

The Company proposes to transfer Rs. 230 millions to the general reserve out of the total amount of Rs. 8696.49 millions available for appropriations as on 31st March, 2011.

AUTHORISED SHARE CAPITAL

During the year under review, the Authorised Share Capital of the Company was increased from Rs. 120,00,00,000/- (Rupees One Hundred and Twenty crores) divided into 12,00,00,000 (Twelve crores) equity shares of Rs. 10 (Rupees Ten Only) each to Rs. 150,00,00,000/- (Rupees One Hundred and Fifty crores Only) divided into 15,00,00,000 (Fifteen crores) equity shares of Rs. 10 (Rupees Ten only) each. The Authorised Share Capital has been increased in order to facilitate raising funds through issuance of new securities.

PAID UP SHARE CAPITAL

On 8th January, 2011 the Company issued 601598 Equity shares of Rs. 10 each upon conversion of FCCBs worth USD 2.95 millions. Further on 3rd August, 2011 Company issued 611795 Equity shares of Rs. 10 each upon conversion of FCCBs worth USD 3 millions.

Consequently, paid up capital of the Company increased from Rs. 84,27,00,000 consisting of 8,42,70,000 Equity shares of Rs. 10 each at the beginning of the year to Rs. 85,48,33,930 consisting of 8,54,83,393 Equity shares of Rs. 10 each as on date.

FUND UTILISATION:

1. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

As on 1st April, 2010 the Company had a balance of USD 2 millions from the net proceeds of FCCBs in deposits pending utilisation. During the year, the Company has utilised entire FCCB proceeds and as on 31st March, 2011 the Company has NIL balance of FCCBs proceeds.

2. GLOBAL DEPOSITORY RECEIPTS (GDRS)

The Company had a balance of USD 2.215 millions from its GDR Proceeds as on 1st April, 2010. After utilisation of funds towards the objects for which it was raised as on 31st March, 2011 the balance net proceeds of GDR of USD 0.066 millions was kept as deposits with overseas banks pending utilisation.

SUBSIDIARIES

The Company had the following Subsidiaries/ Step down Subsidiaries at the beginning of the year:

1. Mehul Impex Limited
2. Gitanjali Exports Corporation Limited
3. Shubalavanyaa Jewel Crafts Private Limited
4. Gili India Limited
5. Gitanjali Brands Limited (formerly known as Fantasy Jewellery Private Limited)
6. Brightest Circle Jewellery Limited (formerly known as Brightest Circle Jewellery Private Limited)
7. D'Damas Jewellery (India) Private Limited
8. Asmi Jewellery India Limited (formerly known as Asmi Jewellery India Private Limited)
9. Gitanjali Lifestyle Limited
10. CRIA Jewellery Private Limited
11. Gitanjali Infratech Limited
12. *Aurangabad SEZ Limited
13. *Nanded SEZ Limited
14. *Nagpur Multi-Product Services SEZ Limited
15. Hyderabad Gems SEZ Limited
16. Raigad Gems SEZ Limited
17. Nashik Multi Services SEZ Limited
18. Gitanjali Jewellery Retail Private Limited

19. Mohar Jewels Limited
20. Samuels Jewelers Inc.
21. Gitanjali USA, Inc.
22. Gitanjali Ventures DMCC
23. Gitanjali Retail Ventures Limited
24. Modali Gems Private Limited
25. Decent Securities & Finance Private Limited
26. Eureka Finstock Private Limited
27. West Bengal SEZ Limited
28. *Gitanjali Holdings Limited
29. MMTC Gitanjali Private Limited
30. Spectrum Jewellery Limited (formerly known as Spectrum Jewellery Private Limited)
31. Gitanjali Capital Private Limited (formerly known as Bezel India Private Limited)

STEP DOWN SUBSIDIARIES

1. Tri-Star Worldwide LLC (Subsidiary of Gitanjali USA, Inc.)
2. **Lucera Retail Venture Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
3. **Trinity Expositions Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
4. **Hoop Retail Ventures Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
5. Kolkata Axis Mall Limited (Subsidiary of Gitanjali Infratech Limited)
6. Maya Retail Limited (formerly known as Salasar Retail Limited - Subsidiary of Gitanjali Lifestyle Limited)
7. MobileNXT Teleservices Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
8. ***Alliance Jewellers Private Limited (Subsidiary of Brightest Circle Jewellery Limited)
9. Diamlink Inc. USA (Subsidiary of Gitanjali USA, Inc)
10. Diamlink Jewellery Inc. (Subsidiary of Diamlink Inc. USA)
11. Jewelry Marketing Comp, LLC (Subsidiary of Diamlink Jewellery Inc)
12. LJOW Holdings, LLC (Subsidiary of Diamlink Jewellery Inc)

The following subsidiaries/step-down subsidiaries were wholly / partly acquired or incorporated during the year:

1. N&J Finstocks Private Limited
2. Gitanjali Resources
3. Giantii Italia SRL
4. ***Pink Jewellery Private Limited (subsidiary of Brightest Circle Jewellery Limited)

Notes:

- * Aurangabad SEZ Limited, Nanded SEZ Limited and Nagpur Multi-Product Services SEZ Limited were struck off under Easy Exit Scheme, 2011. Further Gitanjali Holdings Ltd, U.A.E. has been deregistered as there were no operations in it.
- ** Hoop Retail Ventures Private Limited, Trinity Expositions Private Limited and Lucera Retail Venture Private Limited, step down subsidiaries were amalgamated with Gitanjali Lifestyle Limited, wholly owned subsidiary as per Bombay High Court Order dated May 06, 2011.
- *** Pink Jewellery Private Limited and Alliance Jewellers Private Limited, stepdown Subsidiaries were amalgamated with Brightest Circle Jewellery Limited, wholly owned Subsidiary as per Bombay High Court Order dated April 15, 2011.

A statement containing brief financial details of subsidiaries is included in the annual report.

As required under listing Agreements with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statement has been prepared in accordance with accounting standard 21, 23 and 27 issued by Institute of Chartered Accountants of India and show the financial resources, assets, liabilities, income, profits and other details of the Company, its subsidiaries and joint ventures.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

The Ministry of Corporate Affairs, Government of India vide circular no. 2/2011 dated 8th February, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company as set out in sub-section (1) of Section 212 of the Companies Act, 1956. Accordingly, the Board of Directors in their Meeting held on 27th May, 2011 passed a resolution giving consent for not attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended 31st March, 2011 is included in the Annual Report.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be available for inspection at the Corporate Office of the Company. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand. We believe that the consolidated accounts present a full and fair picture of the state of affairs and the financial condition and are accepted globally.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the consolidated financial statement which is prepared in accordance with applicable accounting

standards prescribed by Institute of Chartered Accountants of India in this regard. The Auditors report does not contain any qualification.

RELATED PARTY TRANSACTIONS:

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

FIXED DEPOSITS AND LOANS & ADVANCES:

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

DIRECTORS:

In accordance with the Articles of Association, Mr. Dhanesh Sheth, Director retires by rotation and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment for your approval.

Brief resume of all the Directors on the Board has been given in the Annual Report in "Corporate Governance Report" section.

GROUP:

Pursuant to intimation from the Promoters, the names of the Promoters and entities comprising the 'group' are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

AUDITORS & AUDITORS REPORT:

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts, for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

The Company has been awarded the Outstanding CSR in the Gems & Jewellery sector at the first CSR TLC as recognition for its efforts in the field of community health and welfare.

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the said period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

The above statements have been reviewed by the Audit Committee at its meeting held on 27th May, 2011.

SIGNIFICANT DEVELOPMENTS DURING THE YEAR

- (a) During the year, the Company has acquired 100% Shares of N&J Finstocks Private Limited (N&J). By way of this acquisition, N&J has become a wholly owned subsidiary of the Company.
- (b) During the year, the Company has acquired 100% stake in 'Giantti Italia S.R.L.', a Company based in Milan, Italy. By virtue of this acquisition 'Giantti Italia S.R.L.' has become a direct subsidiary of the Company. The said acquisition will be useful for growth of the branded jewellery business overseas and gain the designing and branding concepts expertise from Italy.
- (c) During the year with a view to rationalise the group structure, the Company has acquired entire stake in "Pink Jewellery Private Limited" (PJPL) through Brightest Circle Jewellery Limited, a wholly owned subsidiary of the Company.
- (d) During the year, the Company has incorporated a wholly owned subsidiary (WOS) In the name of "Gitanjali Resources" in Belgium with a view to explore and expand its businesses in Europe. The main object of this WOS is to focus on the business of the

Company in European Region and conduct core diamond and jewellery business in that continent.

RECENT DEVELOPMENTS

- (a) The Company has incorporated a wholly owned subsidiary in the name of Leading Italian Jewels SRL (LIJ) in Italy with the view to expand its business in Italy and adjoining region. The main activity of LIJ is trading in precious stones, diamonds jewellery, pearls etc.
- (b) The Company has sold its entire 51% stake in Shubalavanyaa Jewel Crafts Private Limited, a Subsidiary of the Company to Gitanjali Brands Limited, a wholly owned Subsidiary of the Company. Consequent to the said transfer Shubalavanyaa Jewel Crafts Private Limited has become a Subsidiary of Gitanjali Brands Limited.
- (c) The Company has acquired assets of DIT Group S.p.A (DIT) Italy alongwith the trust constituted as operating vehicle i.e 'BLU S.r.l' a Company governed by Italian law with headquarters in Milan. DIT engages in Jewellery manufacturing and sale business.
- (d) The Company decided to explore the potential merger of subsidiaries, demerger and other forms of restructuring, or acquisition, or spin-off with the ultimate object of enhancing and unlocking shareholder value. Accordingly, Pink Jewellery Private Limited and Alliance Jewelleries Private Limited, stepdown Subsidiaries were amalgamated with Brightest Circle Jewellery Limited, wholly owned Subsidiary as per Honorable Bombay High Court Order dated April 15,2011. Further, Hoop Retail Ventures Private Limited, Trinity Expositions Private Limited and Lucera Retail Venture Private Limited, step down subsidiaries were amalgamated with Gitanjali Lifestyle Limited, wholly owned subsidiary as per Honorable Bombay High Court Order dated May 06, 2011
- (e) The Company has incorporated wholly owned subsidiary in the name of Aston Luxury Group Ltd. in Hong Kong.
- (f) The Company has incorporated GGL Diamond LLC in United States of America through its wholly owned subsidiary Gitanjali USA Inc.

DISCLOSURE PURSUANT TO CLAUSE 5A OF LISTING AGREEMENT

Pursuant to insertion of clause 5A in listing Agreement as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April, 2009 the details in respect of the shares lying in the Gitanjali Gems Limited – Unclaimed Shares Demat Suspense Account till 31st March, 2011 is as under.

Sl.No	Description	No. of Cases	No. of Shares	Remarks
i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 st April, 2010.	27	1078	
ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2010-2011	1	35	
iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2010-2011	1	35	
iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2011	26	1043	

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

OUTLOOK FOR 2011-12

The Jewellery business will continue its growth path through various initiatives, including launching of new collections, setting up large format stores, increasing share of studded jewellery and achieving design leadership.

Overall, the year 2011-12 will be a year where the Company would drive for strong and profitable growth in all its Indian consumer businesses, retain focus on elimination of wasteful costs, and skillfully navigate the international businesses which will continue to pose challenges due to sluggish demand in some of the geographies.

AWARDS AND RECOGNITION

- ✦ The Company has been awarded the Outstanding CSR in the Gems & Jewellery sector at the first CSR TLC held on 19th February, 2011, from the hands of Shri Salman Khurshid, Honorable Union Cabinet Minister for Water Resources, and for Minority Affairs. The Company has received this prestigious award as recognition for its efforts in the field of community health and welfare.
- ✦ The Company has been awarded the 5th INDY's award for Excellence in Corporate Social Responsibility Practice. The award recognised the Company for systematically planning and carrying out social activities within the organisation. The jury was extremely impressed with the involvement of the employees and the array of activities being carried out like blood donation camp, eye check up camp, first aid training, cleanliness drive etc.
- ✦ It was a proud moment for the Company as 'Saksham' one of the projects under the Company's CSR initiative 'Sambhav', was acknowledged and awarded the prestigious NCPEDP- Shell Helen Keller Award, 2010 under Category C meant for Companies/Organisations/Institutions who through their policies and practices demonstrate their belief in equal rights and gainful employment for people with disabilities. The award, was given at a simple ceremony at India International Centre Auditorium, Max Mueller Marg on 2nd December, 2010 on the eve of World Disability Day. Hon'ble Home Minister and chief guest for the evening, Shri P. Chidambaram presented the award to the Company. The Saksham initiative of the Company is focused on empowerment of People with Disabilities (PWD's) through a six month training programme and creating

conditions for their rehabilitation and integration into society. Nearly 250 such people are employed at the Company's factory located at Rajiv Gems Park at Hyderabad and the Company plans to significantly increase this number in the coming year.

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has devoted time, attention and resources to long cherished dream that the Company have held – that of giving back to the society at large. The Company's CSR initiative under the name Sambhav has brought together the different social programs that the Company has been associated with over the years. These are programs in the fields of education, health, providing employment to PWDs. The Company will be integrating all of them and in own different initiatives like Saksham, Saakshar, Sujyot and Sneh. The focus will be both on strengthening the existing programs as well as developing new ones too. The Company is now aiming to take this CSR initiative to new heights and are in the process of channelising all the strengths and efforts to form a strong CSR team within the Company to encourage and promote a wide range of social welfare activities internally or in partnering with other NGOs and government bodies. The detailed Corporate Sustainability Report is also available on the Company's website www.gitanjaligroup.com

INDUSTRIAL RELATIONS

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

PARTICULARS OF EMPLOYEES

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

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

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION, ADAPTATIONS & INNOVATION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in millions)

	2011	2010
Foreign Exchange Earnings:		
FOB Value	30,298.04	19,449.31
Foreign Exchange Outgo:		
Value of Imports on CIF basis	17,694.60	14,854.93
Expenditure in Foreign Exchange	47.16	31.72

ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

Mehul C. Choksi

Chairman & Managing Director

Place: Mumbai

Date: 12th August, 2011

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

A

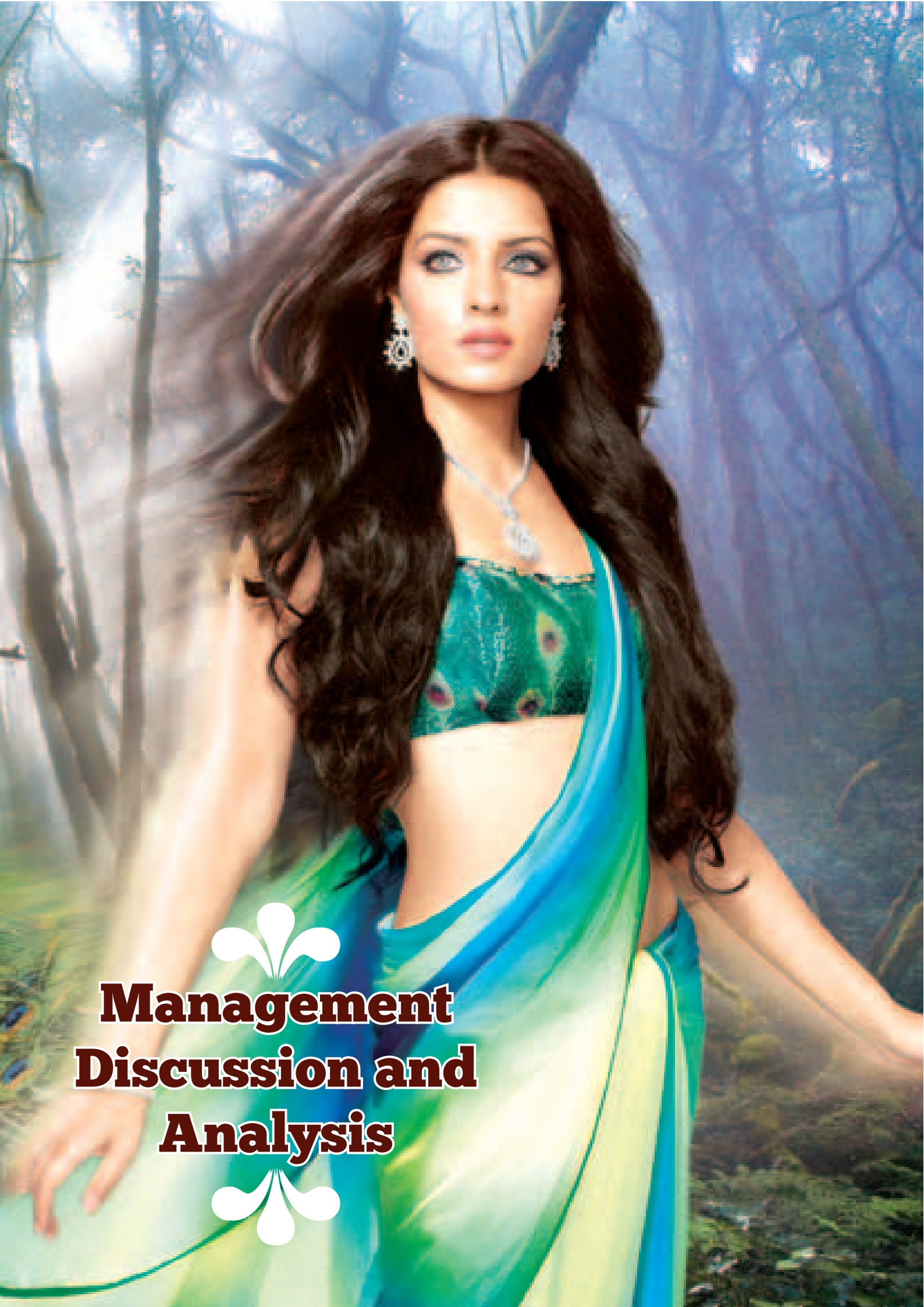
Sr. No.	Name of the Companies
1.	Priyanka Gems Private Limited
2.	Rohan Diamonds Private Limited
3.	Mozart Trading Private Limited
4.	Digico Holdings Limited

C

Sr. No.	Name of the Individuals
1.	Mehul C Choksi
2.	Guniyal C Choksi
3.	Priti Choksi

B

Sr. No.	Name of the Limited Liability Partnership
1.	Partha Gems LLP




**Management
Discussion and
Analysis**


THE INDIAN GEMS AND JEWELLERY MARKET

The gems and jewellery industry is estimated to be around US\$100 billion in 2010-11, of which exports accounted for around US\$43 billion and the domestic market accounted for around US\$57 billion in 2010-11. The industry is a leading foreign exchange earner for the country.

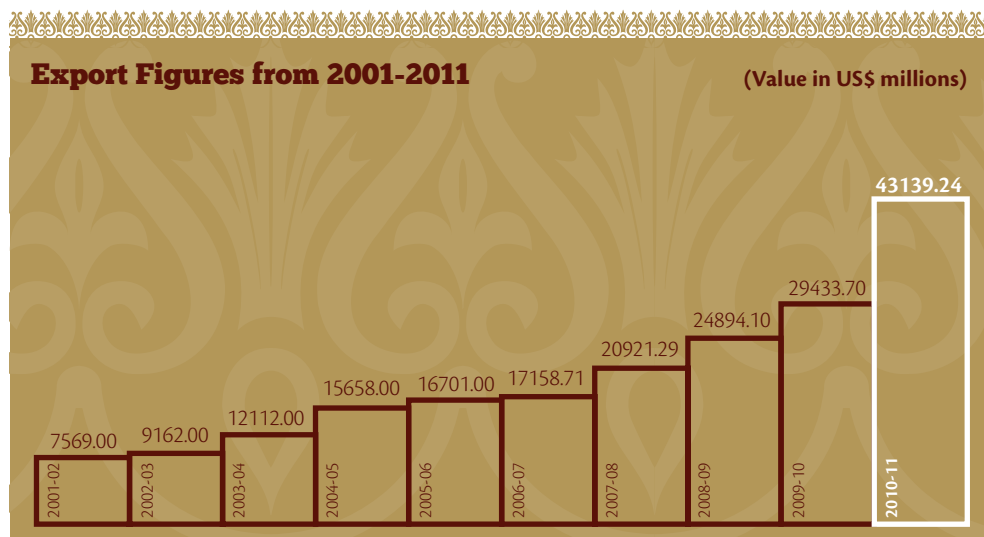
India on top

- India is one of the world's largest bullion market
- World's largest consumer of gold and silver jewellery
- Third largest consumer of polished diamonds after the US and Japan
- More than 90% of the world's diamonds (11 out of 12) are cut and polished in India (65% by value)
- Home to world's largest diamond processing centre
- Plays a dominant role in the processing of gems and jewellery
- Preferred destination due to its low-cost of production and availability of skilled labour
- The Indian gems and jewellery industry is export-oriented
- One of the pioneering countries to hand-make fine jewellery from minerals and metals
- Over 100,000 jewellery manufacturing units, about 6,000 diamond processing units, and 450,000 goldsmiths throughout India
- Over 1.8 millions people are employed

INDIAN GEMS AND JEWELLERY EXPORTS

Gems and jewellery exports grew by **46.89%** to reach **US\$ 43139.24 millions** in 2010-11 from **US\$ 29358.49 millions** in 2009-10.

GEMS AND JEWELLERY EXPORTS OVER THE PAST DECADE



(Source: GJEPC)

Contributed **16.67%** to India's total merchandise exports in 2010-11.

Currently, India exports **95%** of the world's diamonds.

Gems and Jewellery Exports in 2010-11



Segmental growth in exports in 2010-11 over 2009-10

(Value in US\$ millions)



(Source: GJEPC)

With the growth of branded retail in India, organised retail (comprising retail and branded retail) grew from 4% in 2009-10 to about 5-7% in 2010-11.

GROWTH OF BRANDED RETAIL IN INDIA

India has been witnessing the retail revolution since the preceding few years, encouraged by the growth in disposable income and the increasing wealth of individuals, rapid construction of organised retail infrastructure, increased demand for value-added products and changing lifestyle trends.

With the growth of branded retail in India, organised retail (comprising retail and branded retail) grew from 4% in 2009-10 to about 5-7% in 2010-11. The share of unorganised segment, comprising family jewellers, declined from 96% in 2009-10 to around 93-95% in 2010-11. The market for branded jewellery retail in India at USD 2.85 bn, is just 5% of the USD 57 bn domestic jewellery retail market. The branded Indian jewellery retail market is growing at 30-40% annually, with growth being attributed to the rising brand consciousness of people.

India's gems and jewellery have traditionally been sold by family jewellers. Now, retail formats, such as boutiques, shopping malls, supermarkets and gold souks offer branded gems and jewellery. International brands have increasingly thronged the Indian market in the last decade. A number of jewellery exporters are actively looking to open their retail outlets here. India has begun to move towards branded jewellery retail as consumers have accepted the modern retail formats.

POPULARITY OF BRANDED JEWELLERY

With the launch of branded jewellery in India, women have shifted their focus from gold to diamonds, solitaires, white metal and platinum jewellery. Consumers prefer diamond-studded jewellery and 22-karat gold jewellery in line with international standards. Branded jewellery is gaining popularity among India's youth, thanks to the following:

- ✿ Branded jewellery can be worn as a fashion accessory; it is lightweight and reflects one's personality
- ✿ It is modern, elegant, stylish and contemporary
- ✿ Innovative designs are introduced regularly by these brands
- ✿ Introduced the concept of providing guarantee to the purity of gold and diamonds through hallmarks and certifications
- ✿ Value-added services, such as lifetime return and buy-back schemes

A combination of evolving lifestyles, exposure to international travel and the internet has generated more awareness about jewellery trends. Consumers are today willing to pay a premium for value-added services. With rising affluence, overall spend on consumer spending would be increasing. People would be shifting their spending from need-based products to luxury products.

THE FUTURE OF INDIAN GEMS AND JEWELLERY MARKET

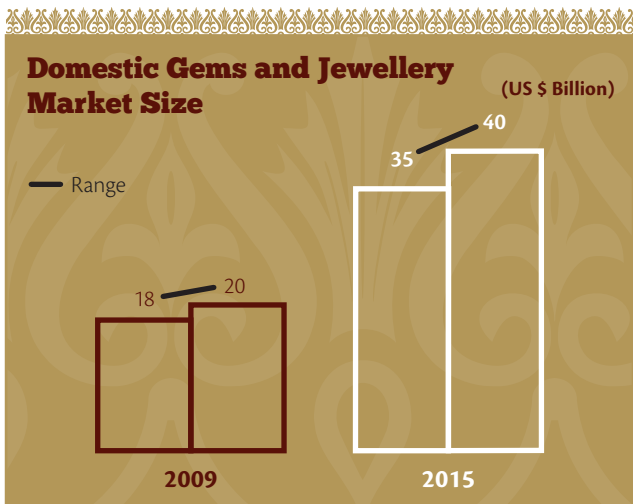
India's gems & jewellery industry to touch more than **US\$ 140 billion** by 2015

India's gems & jewellery exports are expected to grow **15-20%** in FY 2011-12

Domestic gems and jewellery market to grow **9%** annually till 2015

Additional employment of **1.1 millions** people in Indian gems and jewellery industry by 2015

(Source: FICCI Research Report and CARE Research Report, Management Analysis)



(Source: FICCI Research Report)

INDIA'S BRANDED RETAIL IS EXPECTED TO GROW IN THE COMING YEARS, OWING TO THE FOLLOWING:

- 700 million people represent the working population; which is 64% of the total population
- India's middle class is expected to reach 41% of the population by 2025
- Per capita annual disposable income is expected to grow by 8-13% annually by 2015



(Source: FICCI Research Report)

GOVERNMENT IMPETUS TO THE GEMS AND JEWELLERY SECTOR

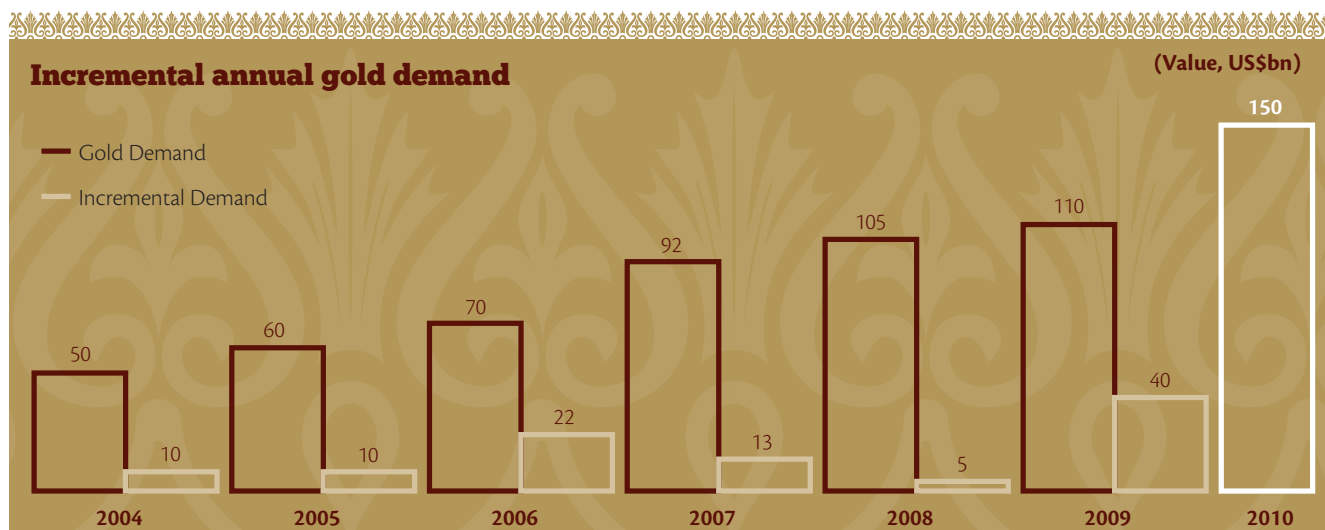
- 100% FDI through automatic route allowed
- Lowered import duty on platinum
- Exempted rough coloured precious gem stones from customs duty
- Rough, semi-precious stones are exempt from import duty
- Abolished import duty on polished diamonds
- Duty-free import of consumables for metals, other than gold and platinum up to 2% of FOB value of exports

- ✿ Duty-free import entitlement for rejected jewellery up to 2% of FOB value of exports
- ✿ Import of gold of 18 carat and above under the replenishment scheme
- ✿ Setting up of SEZs and gems and jewellery parks to promote investment in the sector
- ✿ Raised the limit value of jewellery parcels for export through foreign post office (via speed post) from US\$ 50,000 to US\$ 75,000
- ✿ Extended the time period for re-import of branded jewellery, remaining unsold from 180 days to 365 days
- ✿ The export of coloured gemstones on a consignment basis has been allowed
- ✿ To neutralise duty incidence on gold jewellery exports and allow duty drawback
- ✿ To make India an international diamond trading hub by establishing "Diamond Bourses"

- ✿ Introduced new facility to allow the import of cut and polished diamonds on a consignment basis for grading/certification purposes
- ✿ Increased personal carriage limits from US\$2 millions to US\$5 millions for those participating in overseas exhibitions
- ✿ Enhanced personal carriage limits from US\$ 0.1 millions to US\$ 1 millions for those participating in export promotion tours

GLOBAL GEMS AND JEWELLERY MARKET

During 2010-11, the annual gold demand was at its highest over the last 10 years. Enhanced jewellery demand, especially from Asian markets, has propelled growth in gold demand, which grew 9% to 3,812.2 tons, worth approximately US\$ 150 billion. The global gold jewellery market grew 17% in 2010-11, with demand rising from 1,760 tons in 2009-10 to 2,060 tons in 2010-11. The average annual prices rose 26% during the year. The global jewellery industry is expected to grow to US\$ 350 billion by 2015.



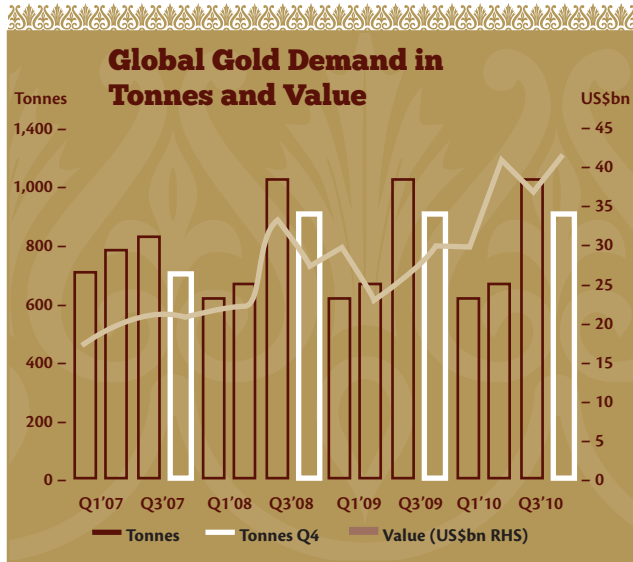
(Source: GFMS, LBMA, WGC)

India and China together constituted 51% of the global gold jewellery, gold bar and gold coin demand in 2010, with Indian jewellery demand rising 69% to 746 tons and Chinese jewellery demand to 400 tons. In India, a 20% rise in the rupee price of gold combined with a 69% rise in the volume to 746 tons pushed up the value of gold demand by 101% to Rs.1,342 billion in 2010, compared to Rs.669 billion in 2009. India imports rough diamonds from Belgium, UK, Israel and UAE, which are then processed and exported in the form of polished diamonds or finished diamond jewellery to USA, Hong Kong, Belgium and UAE. Australia, Botswana, Russia and South Africa represent the major suppliers of rough diamonds.

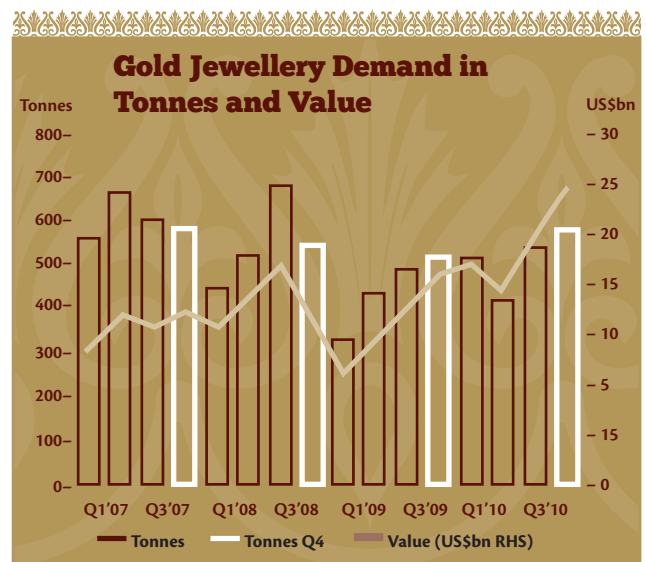
Indonesia, Japan, Thailand and South Korea experienced a shift in consumer demand to 18 carat gold, gem studded jewellery and branded silver jewellery. The Middle Eastern markets witnessed a volatile demand throughout the year, with demand growth hovering between 6% and 10%. Most of the demand was for 22 karat gold jewellery. The US experienced downtrend in the demand for gold jewellery in 2010. A combination of sluggish economic growth, rising gold prices and a shift to silver jewellery is responsible for tepid gold demand in the US.

In 2010-11, the US experienced a downtrend of 14% in volume terms, and an uptrend of 8% in value terms as compared to 2009-10. In Europe, gold jewellery demand reduced as a result of high gold prices. In Italy, the year-on-year gold jewellery demand in volume terms in 2010

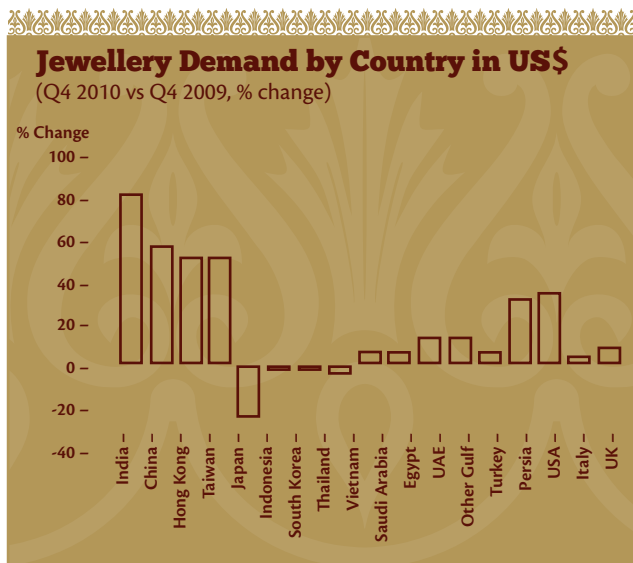
declined 16%, while UK experienced a decline of 14%. In value terms, the gold jewellery demand in Italy was valued at €1 billion, was up 12%, while UK demand valued at £697 millions, jumped 10% during the year. The US and the European countries witnessed increased demand for silver jewellery and branded jewellery for the second year in a row.



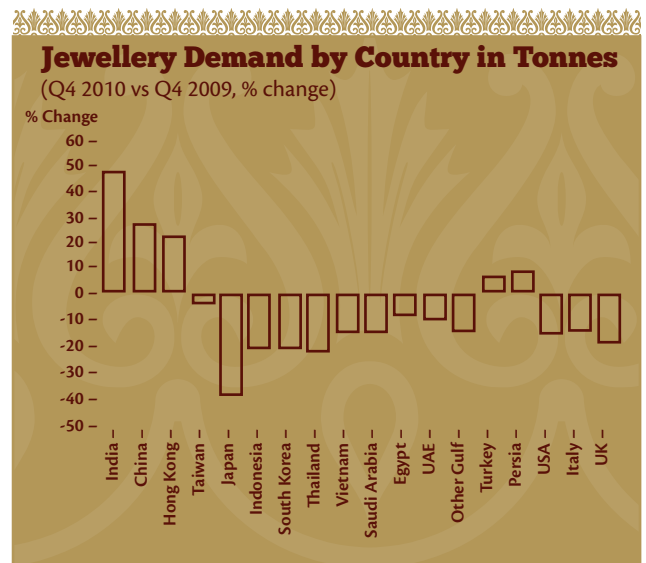
(Source: GFMS, LBMA, WGC)



(Source: GFMS, LBMA, WGC)



(Source: GFMS, WGC)



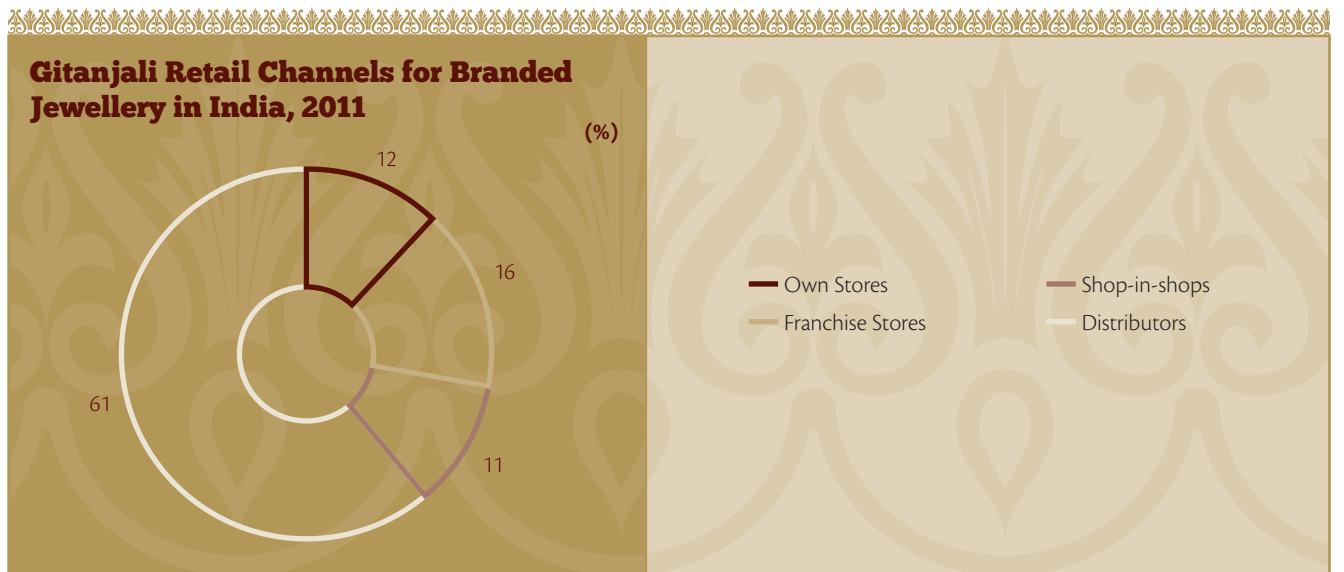
(Source: GFMS, WGC)

COMPANY OVERVIEW

Gitanjali Gems Limited (GGL) was established in 1986 for diamond processing, diamond and gold jewellery manufacturing. Also one of the pioneers of jewellery branding and retailing in India, Gitanjali is one of the largest and fastest growing jewellery businesses in the world. The product portfolio consists of diamonds, diamond and gold jewellery, and accessories across several brands of Gili, Asmi, D'Damas, Maya, Diya, Sangini, and Nakshatra.

- DTC (Diamond Trading Company) Sight holder through promoter company
- Star Trading House status from the Government of India for its export performance

- Nominated Agency status for direct import of gold
- First to produce the world's smallest heart shaped diamond (0.03 carat)
- Developed around 25 patented facet patterns
- Uses CAD and CAM, the latest technology, for creating designs
- Received more than 50 awards for retail excellence, brand building, and export performance



GITANJALI

Diamond and Jewellery Manufacturing

- ✿ Gitanjali Gems Ltd.
- ✿ Gitanjali Exports Corporation Ltd.
- ✿ Gitanjali Infratech Ltd.
- ✿ Hyderabad Gems SEZ Ltd.

Branded Jewellery (manufacturing, distribution and retail)

- ✿ Gitanjali Brands Ltd.
- ✿ Brightest Circle Jewellery Ltd.
- ✿ D' Damas Jewellery (India) Pvt. Ltd.
- ✿ Gili India Ltd.
- ✿ Asmi Jewellery India Ltd.
- ✿ Spectrum Jewellery Ltd.
- ✿ Gitanjali Lifestyle Ltd.
- ✿ Gitanjali Jewellery Retail Pvt. Ltd.
- ✿ MMTC Gitanjali Pvt. Ltd.

International Retail

- ✿ Samuels Jewelers Inc.
- ✿ Gitanjali Ventures DMCC

VALUE CHAIN

Gitanjali is present across the entire value chain: sourcing, processing, manufacturing, branding and retailing. The integrated business model provides a competitive edge to Gitanjali. Gitanjali is also increasingly foraying into lifestyle products to leverage customer base, domain knowledge and cross selling.

The Company has around 10 modern facilities at four locations for diamond and jewellery manufacturing. The diamonds are sourced from DTC and secondary markets, which are then processed at Touchstone (Surat), Rajiv Gems Park (Hyderabad) and SEEPZ, Mumbai. The polished diamonds are then supplied to domestic players and exported to Antwerp, USA and Hong Kong and other countries in Europe.

- ✿ Highly advanced product development and design capabilities with currently over 9,600 active SKUs
- ✿ During the year, expanded the existing production facility in India and abroad.
- ✿ Jewellery Special Economic Zone (SEZ) to assist in processing and manufacturing operations

PRESENCE

Gitanjali is present in the top five jewellery markets of the world: USA, Japan, China, India and the Middle East. It is also present in UK, Europe, Belgium, Italy, Thailand and South East Asia. Retail is carried out at own retail outlets of Gitanjali Lifestyle and Gitanjali Jewellery Retail and through the franchise format, multi-brand format and multi-format outlet. Gitanjali's brands are increasingly being launched as chain stores and franchises.

RETAIL PRESENCE

- ✿ Pioneer in B2B marketing of jewellery in India
- ✿ B2C channels include Shop-in-Shops and company owned and operated stores, Gitanjali brands are directly sold to end consumers
- ✿ Over 3500 Points of Sale (PoS) in 300 cities of India
- ✿ 2000 plus sales professionals at the retail outlets
- ✿ 111 retail stores in the US under Samuels Jewelers Inc., the fifth largest speciality retail chain in the US

Retail Format	Location	Size
Exclusive Brand Outlet	Malls	<1500 sq ft
Multi Brand Format	Luxury boutiques in malls or high street stores	1500-5000 sq ft
Multi Format Outlet	Malls or high street stores	5000 – 20,000 Sq ft

EXPANSION PLANS

- ✿ Expanding jewellery production capacity from 5,300 pieces per day to 8,000 pieces per day
- ✿ Scale capacities of gold jewellery products at Kolkata and Coimbatore factories
- ✿ Widen retail presence to 2 millions square feet by 2014-2015
- ✿ Penetrate Tier 2 and Tier 3 cities
- ✿ Expand organised retail at 25-30% annually by 2015

Gitanjali is present in the top five jewellery markets of the world: USA, Japan, China, India and the Middle East. It is also present in UK, Europe, Belgium, Italy, Thailand and South East Asia.

HUMAN RESOURCES

Gitanjali strives to create a professional as well as an employee-friendly environment. The organisation provides an enabling environment for employees to grow their careers and pursue their ambitions. Gitanjali employs and trains employees and workers in the Special Economic Zones (SEZs), which are being developed by the Company. The workers are imparted training at the Hyderabad SEZ, where it has the capacity to train over 1,500 workers.

POTENTIAL RISKS

- 🌿 Diamond price and availability fluctuations
- 🌿 Gold price volatility
- 🌿 Foreign Currency fluctuations
- 🌿 Constant evolution in trends, fashion and lifestyle

COMPANY'S PERFORMANCE

- 🌿 Consolidated revenues grew 45% from Rs. 65,276.34 millions in 2009-10 to Rs. 94,564.02 millions in 2010-11. The revenue growth has been the result of increased gold and diamond jewellery demand.
- 🌿 Consolidated PAT grew 77% and PBT grew 71% during the year. PBT grew from Rs. 2,247.39 millions in 2009-10 to Rs. 3,832.77 millions in 2010-11. PAT grew from Rs. 2,001.71 millions in 2009-10 to Rs. 3,548.11 millions in 2010-11. These were on account of the increased sales and the cost optimisation measures undertaken by the organisation during the year.
- 🌿 Gold and Diamond Jewellery segment revenues grew from Rs. 36,333.18 millions in 2009-10 to Rs. 50,149.69 millions in 2010-11. The Indian business grew 66% in 2010-11, and the international business grew by 9% during the year.
- 🌿 The diamond segment grew from Rs. 31,976.11 millions in 2009-10 to Rs. 44,202.06 millions in 2010-11. The Indian business grew 3% in 2010-11, and the international business grew by 70% during the year.
- 🌿 Expenditures (excluding depreciation / amortisation and interest) grew by nearly 45% during the year from Rs. 60,885.06 millions to Rs. 88,420.94 millions in 2010-11. The same has been on account of an increase in the cost of trading goods and the raw materials consumed from Rs. 55,252.84 millions in 2009-10 to Rs. 81,993.53 millions in 2010-11, and on account of an increase in operating expenses from Rs. 5,632.22 millions in 2009-10 to Rs. 6,427.41 millions in 2010-11.

- 🌿 The interest expenses increased from Rs. 1,724.31 millions in 2009-10 to Rs. 2,087.20 millions in 2010-11 on account of an increase in debt from Rs. 25,952.86 millions in 2009-10 to Rs. 30,473.42 millions in 2010-11.
- 🌿 The Depreciation & Amortisation expenses increased from Rs. 445.41 millions in 2009-10 to Rs. 563.72 millions in 2010-11.
- 🌿 Basic Earnings per share increased from Rs. 23.73 in 2009-10 to Rs. 41.81 in 2010-11.
- 🌿 The Reserves & Surplus grew from Rs. 21,122.47 millions in 2009-10 to Rs. 24,447.81 millions in 2010-11.

WORKING CAPITAL MANAGEMENT

- 🌿 Inventories increased from Rs. 20,793.87 millions in 2009-10 to Rs. 29,012.85 millions in 2010-11.
- 🌿 The sundry debtors increased from Rs. 32,309.31 millions in 2009-10 to Rs. 40,195.20 millions in 2010-11.

The inventory consists of rough and polished diamonds, precious metals (gold and silver, precious stones) and articles of jewellery. These are considered as work-in-progress and as warehouse stock of finished goods; also held as inventory of finished articles at various stores and shop-in-shop outlets in India and overseas, with a low turnover ratio.

A certain amount of inventory per retail outlet is necessary to be carried at all times, with seasonal stock up required to address peak periods of demand, such as festive periods and wedding seasons. In diamond trading and jewellery wholesale, the respective sectors have a tradition of long recovery periods from receivables, with the Company extending credit to customers.

An increasing retail footprint therefore dictates a proportionate increase in investment in working capital. The Company has initiated various steps for rationalisation of working capital to control costs. These steps (relate to Indian operations) comprise holding in-store inventory, such as franchising of outlets, expanding the Company-operated store network at key locations to deal directly with end customers for immediate collections and optimising raw material sourcing. Internationally, the steps initiated included closing down of underperforming stores and redistribution of inventory, as well as improvements in product lifecycle management to phase out underperforming designs quickly. Further, the Company has focused its efforts on faster collections from longer term receivables. A partial conversion of warehouse stock (earmarked for wholesale) to retail stock was also undertaken to improve the receivables cycle.




**Report on
Corporate
Governance**


COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance envisages commitment of the Company towards the attainment of high levels of transparency, accountability, and business propriety with the ultimate objective of increasing long term shareholders value, keeping in view the needs and interests of all other stakeholders.

The Company is of the view that good governance goes beyond good working results and is a pre-requisite to attainment of excellent performance in terms of stakeholder value creation. It is the Company's belief that good ethics needs good business sense and our business practices are in keeping with this spirit by following the Company's Code of Conduct thereby maintaining high ethical standards. The Company believes that adopting the best corporate governance practices is not only non-negotiable, it is the foundation to good business. The Company is committed to conducting its business affairs in a transparent, fair and ethical manner, which is to the benefit of all its stakeholders.

The Company has complied in all material respects with the requirements of Corporate Governance in terms of clause 49 of the Listing Agreement executed with the Stock Exchanges. The details of compliance are as follows:

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

As of 31st March, 2011 the Company's Board comprises Six Directors, including three independent Directors. The composition of Board is in conformity with clause 49 of the Listing Agreement which stipulates that 50 percent of the Board should comprise of non-executive directors and where the Chairman of the Board is Executive Director, at least half of the Board should comprise of Independent Directors.

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

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

The Independent Directors are eminent professionals with wide range of knowledge and experience in various spheres of trade, industry, finance and law. A brief profile of all the Board members are as under:-

MEHUL C. CHOKSI (52)

A commerce graduate has been associated with the gems and jewellery industry for over three decades. He has wide experience in the diamond industry having an exposure to the entire range of activities, from buying roughs to jewellery sales. He has been instrumental in branding jewellery in India and has launched several successful brands like GILL, D' Damas, Nakshatra, Asmi and Giantti. Mr. Choksi has also been a pioneer in corporatising the jewellery industry in India. He steers the group vision and strategy with his deep knowledge and foresight.

DHANESH V. SHETH (54)

A Commerce Graduate has been associated with Gitanjali for more than two decades, having been a Director for almost 21 years. He advises the Company on its marketing operations, the buying and selling of rough diamonds and other aspects of Business Development.

NEHAL MODI (32)

He is BA finance and marketing from Boston University having experience of 9 years at top management position. He has been instrumental in Company's growth in United States since 2001.

SUJAL A. SHAH (43)

A qualified Chartered Accountant has a post qualification experience of 20 years. He has his own practicing firm SSPA & Co., Chartered Accountants. His main areas of practice are mergers & acquisitions, restructuring of companies, valuation of business / shares, due diligence review, etc.

S. KRISHNAN (65)

A Masters Degree holder in commerce besides being a D.M.M., M.F.M., he is a leading professional in the financial services industry and has vast experience in banking, fund management and capital market operations. He has held top management positions in TAIB Bank E.C., TAIB Securities, Everest Fund, Aldercrest Trading Limited and First Bank with Professional experience in USA, Europe, Middle East, Africa and India.

NITIN POTDAR (48)

A law graduate and a Solicitor, Bombay Incorporated Law Society has a post qualification experience of more than 21 years. He is currently a partner of J. Sagar Associates, a law firm and specialises in public and private mergers and acquisitions, including de-mergers, restructuring of business, asset & share purchase deals, joint ventures and strategic alliances, domestic and international capital markets, private equity and general corporate advisory.

CONDUCT OF BOARD PROCEEDINGS

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

BOARD AGENDA

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

AVAILABILITY OF INFORMATION TO BOARD MEMBERS

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

- ✦ Annual operating plans and budgets, capital budgets and updates
- ✦ Quarterly results of our operating divisions or business segments
- ✦ Minutes of meetings of all Committee of Board as well as circular resolutions passed between the two Board Meeting.
- ✦ The Board minutes of the subsidiary companies
- ✦ General notices of interest received from directors
- ✦ Dividend data
- ✦ Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the CFO and Company Secretary.
- ✦ Materially important litigations, show cause, demand, prosecution and penalty notices
- ✦ Fatal or serious accidents, dangerous occurrences, and material effluent or pollution problems
- ✦ Any materially relevant defaults in financial obligations to and by us.
- ✦ Any issue that involves possible public or product liability claims of a substantial nature
- ✦ Details of joint ventures, acquisitions of companies or collaboration agreements
- ✦ Transactions that involve substantial payments toward goodwill, brand equity or intellectual property
- ✦ Any significant development on the human resources aspect
- ✦ Sale of material nature, of investments, subsidiaries and assets, which are not in the normal course of business
- ✦ Details of foreign exchange exposure and the steps taken by the Management to limit risks of adverse exchange rate movement
- ✦ Non-compliance of any regulatory, statutory or listing requirements, as well as shareholder services such as non-payment of dividend and delays in share transfer.



Attendance of the Directors at Board Meetings and at previous AGM

Name of the Director	Status	No. of Board Meetings held during year 2010-11	No of Board Meetings attended	Attendance at last AGM
Mr. Mehul C. Choksi	C.M.D.	6	6	Yes
Mr. Dhanesh V. Sheth	N.E.D.	6	6	Yes
Mr. Nehal Modi	N.E.D.	6	0	No
Mr. Sujal A. Shah	I. N.E.D.	6	6	Yes
Mr. S. Krishnan	I. N.E.D.	6	6	Yes
Mr. Nitin Potdar	I. N.E.D.	6	5	Yes

C.M.D. Chairman & Managing Director

N.E.D. Non Executive Director

I. N.E.D. Independent Non Executive Director

BOARD MEETINGS HELD DURING THE YEAR 2010 - 2011

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

Sr. No.	Date	Board Strength	No. of Directors present
1.	29 th May, 2010	6	4
2.	7 th August, 2010	6	5
3.	9 th September, 2010	6	5
4.	15 th November, 2010	6	5
5.	2 nd February, 2011	6	5
6.	14 th February, 2011	6	5

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

OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIP

None of the Directors holds Directorships in more than fifteen Public Limited Companies nor is any Director, Chairman of more than 5 Committees. The details of Directorship and Committee Membership & Chairmanship held by the Directors as on 31st March, 2011 are as follows:

Name of the Director	No. of Directorships (Including Gitanjali Gems Limited)	Committee (Including Gitanjali Gems Limited)	
		Member	Chairman
Mr. Mehul C. Choksi	12	3	2
Mr. Dhanesh V. Sheth	12	3	1
Mr. Nehal Modi	1	0	0
Mr. Sujal A. Shah	8	2	4
Mr. S. Krishnan	3	1	2
Mr. Nitin Potdar	5	7	0



Notes:

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

AUDIT COMMITTEE

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

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

- ✎ To review compliance with internal control systems;
- ✎ To hold periodic discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors;
- ✎ To review quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- ✎ To make recommendations to the Board on any matter relating to the financial management of the Company;
- ✎ Recommending to the Board, the appointment, re-appointment and if required, the replacement and removal of Statutory Auditors and fixation of Audit fees.

COMPOSITION

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

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

MEETINGS AND ATTENDANCE

During the financial year ended 31st March, 2011, four meetings of the committee were held. The attendance of committee members at the meetings was as follows:

Name of Member	Status	No. of Meetings Held during the year 2010-11	No. of Meetings Attended
Mr. Sujal A. Shah	Chairman	4	4
Mr. S. Krishnan	Member	4	4
Mr. Nitin Potdar	Member	4	3
Mr. Dhanesh Sheth	Member	4	3

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

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

COMPOSITION

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

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

MEETINGS AND ATTENDANCE

During the financial year ended 31st March, 2011, fourteen meetings of the committee were held. The attendance of Committee members at the meetings was as follows:-

Name of Member	No. of Meetings Held during the year 2010-11	No. of Meetings Attended
Mr. Dhanesh V. Sheth	14	14
Mr. Mehul C. Choksi	14	14
Mr. Nitin Potdar	14	12

STATUS OF SHAREHOLDERS'/INVESTORS' COMPLAINTS

Particulars	No. of Complaints
Complaints pending as on 1 st April, 2010	NIL
Complaints received during the period 1 st April, 2010 to 31 st March, 2011	59
Complaints disposed off during the period 1 st April, 2010 to 31 st March, 2011	59
Complaints outstanding as on 31 st March, 2011	NIL

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.

COMPOSITION

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

REMUNERATION OF NON-EXECUTIVE DIRECTORS AND THEIR SHAREHOLDING

Name of Directors	Sitting Fees Paid (Rs.)		No. of Shares held as on 31 st March, 2011
	Board Meeting	Audit Committee	
Mr. Dhanesh V. Sheth	Nil	Nil	4876
Mr. Nehal Modi	Nil	Nil	NIL
Mr. Sujal A. Shah	60,000	40,000	3000
Mr. S. Krishnan	60,000	40,000	NIL
Mr. Nitin Potdar	50,000	30,000	3000

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

REMUNERATION OF EXECUTIVE DIRECTORS AND THEIR SHAREHOLDING

Name of the Directors	Remuneration paid during the year 2010-11	Number of shares held as on 31 st March, 2011
Mr. Mehul C. Choksi	Rs. 48,00,000	39,079,421

☞ 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 2010– 11, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

NAME, DESIGNATION, ADDRESS OF THE COMPLIANCE OFFICER

Name	Designation	Address	Email
Ms. Pankhuri Warange	General Manager - Legal & Secretarial and Company Secretary	Bldg No. 2/101, Jogani Complex, Behind Amar – Brass, Manipada Road, kalina, Santacruz (E), Mumbai – 400 098. Tel.: 022 - 4276 9100 / 101	investors@gitanjaligroup.com

GENERAL BODY MEETINGS**(A) ANNUAL GENERAL MEETINGS:**

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

Financial Year	Day & Date	Time	Venue	Special Resolutions passed
2007-08	18 th September, 2008	3.00 p.m.	M.C.Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400001	NIL
2008-09	19 th September, 2009	3.00 p.m.	M.C.Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400001	NIL
2009-10	25 th September, 2010	3.00 p.m.	M.C.Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400001	1. Authority under section 163 of the Companies Act, 1956 for keeping the Statutory Registers at the Administrative Office of the Company. 2. Alteration of Articles of Associations under Section 31 of the Companies Act, 1956.

(B) EXTRA ORDINARY GENERAL MEETINGS

Financial Year	Day & Date	Time	Venue	Special Resolutions passed
2010-2011	3 rd March, 2011	3.00 p.m.	Novotel Hyderabad Airport, Rajiv Gandhi International Airport, Shamshabad, Ranga Reddy District, Hyderabad – 500 409	Issue of Equity Shares/Fully Convertible Debentures (FCDs)/Partly Convertible Debentures (PCDs) or any securities including bonds other than warrants, which are convertible into or Exchangeable with Equity Shares.

(C) SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT:

No postal ballot was conducted during the financial year 2010-11.

DISCLOSURES

(i) Related Party Transactions

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board at every meeting for its approval. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed separately as Annexure in the Notes to Accounts in the Annual Report.

(ii) Means of communication

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

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

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

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

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

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

COMPLIANCE WITH OTHER MANDATORY REQUIREMENTS

(A) MANAGEMENT DISCUSSION AND ANALYSIS

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

(B) SUBSIDIARIES

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

(C) SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

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

(D) CODE FOR PREVENTION OF INSIDER TRADING

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

(E) CEO/CFO CERTIFICATION

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

(F) RISK MANAGEMENT

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

(G) CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement and in line with the Company's objective of following the best Corporate Governance Standards the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The code has been circulated to all the members of the Board and Senior Management and the same had been put on the Company's website www.gitanjaligroup.com. The Board Members and the Senior Management personnel have affirmed their compliance with the Code of Conduct for the year ended 31st March, 2011.

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.gitanjaligroup.com, which is accessible to the public at large.

D) AUDIT QUALIFICATION

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

E) WHISTLE BLOWER POLICY

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

GENERAL SHAREHOLDERS INFORMATION

A) ANNUAL GENERAL MEETING

Date & Time : 26th September, 2011 at 3.00 P.M.
 Venue : M.C. Ghia Hall, 2nd Floor,
 Bhogilal Hargovindas Marg, 18/20,
 K. Dubhash Marg, Kala Ghoda
 Mumbai - 400001

B) FINANCIAL YEAR:

The financial year of the Company is from 1st April to 31st March.

C) DATES OF BOOK CLOSURE

Our register of members and share transfer books will remain closed from Tuesday, 13th September, 2011 to Monday, 26th September, 2011 (both days inclusive) to determine the entitlement of shareholders to receive the final dividend as may be declared at the ensuing Annual General Meeting.

D) DIVIDEND PAYMENT DATE

The proposed Dividend, if approved by shareholders at the ensuing Annual General Meeting will be paid / dispatched on 4th October, 2011.

E) LISTING ON STOCK EXCHANGES

(i) Equity Shares:

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

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

(ii) Foreign Currency Convertible Bonds

Singapore Exchange Securities Trading Limited, 2, Shenton Way, #19-00 SGX Centre Singapore 068804.

(iii) Global Depository Receipts

London Stock Exchange, 10, Paternoster Square, London EC4M, 7LS

(iv) Non Convertible Debentures

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

F) LISTING FEES

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

G) STOCK CODE

Name of the Stock Exchange	Stock Code/Symbol	ISIN
The Bombay Stock Exchange Limited		
(i) Equity Shares	532715	INE346H01014
(ii) Non Convertible Debentures	946260	INE346H07011
The National Stock Exchange of India Limited	GITANJALI	INE346H01014
Singapore Exchange Securities Trading Limited (FCCBs)	-	XS0275853454
London Stock Exchange - UK Listing Authority - (GDRs)	GITG	US3763642044

H) MARKET PRICE DATA

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

Stock Exchange	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Month				
April-10	125.40	114.85	125.40	113.20
May-10	117.50	94.00	117.50	92.55
June-10	131.75	110.35	132.10	110.70
July-10	169.40	125.00	169.40	124.10
August-10	227.80	166.00	230.50	166.00
September-10	253.20	194.05	253.40	193.70
October-10	311.30	229.15	310.85	228.50
November-10	395.00	238.50	394.95	238.00
December-10	276.80	160.75	276.80	160.20
January-11	216.80	156.35	217.40	171.40
February-11	250.00	182.65	250.00	182.25
March-11	259.00	201.30	259.40	197.25

* Source - Respective websites of BSE & NSE.

I) REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited

Gitanjali Gems Limited Unit,

Plot No. 17 to 24, Vittal Rao Nagar,

Madhapur, Hyderabad - 500081

Tel: +91-040-4465 5000

Fax: +91-040-23420814

e-mail: einward.ris@karvy.com

Website: www.karvy.com

J) DEBENTURES TRUSTEE

Axis Trustee Services Limited
Axis House, 2nd Floor, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli, Mumbai - 400 025.

K) SHARE TRANSFER SYSTEM

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

L) DISTRIBUTION OF SHARE HOLDING AS ON 31st MARCH, 2011

No. of Shares	Shareholders		Shares held	
	Nos.	%	Nos.	%
001 to 5000	54,311	95.132248	4,230,845	4.984995
5001 to 10000	1,436	2.515327	1,130,945	1.332536
10001 to 20000	648	1.135050	994,580	1.171864
20001 to 30000	195	0.341566	496,614	0.585136
30001 to 40000	103	0.180417	367,804	0.433365
40001 to 50000	81	0.141881	381,755	0.449803
50001 to 100000	115	0.201436	862,532	1.016279
100001 and above	201	0.352076	76,406,523	90.026021
TOTAL	57,090	100	84,871,598	100

M) DEMATERIALISATION OF EQUITY SHARES

As on 31st March, 2011, 1564939 Equity shares of the Company constituting 1.84 per cent of the share capital were held in physical form and the balance 83306659 equity shares constituting 98.16 per cent of the share capital were held in dematerialised form.

N) LIQUIDITY

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

O) OUTSTANDING GDRS /ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS**(i) GDRs**

Out of the total 18,614,271 GDRs issued, NIL GDRs were outstanding as on 31st March, 2011.

(ii) FCCBs

Out of the total FCCBs of USD 110 millions issued by the Company, FCCBs of US\$ 70.91 millions were outstanding as on 31st March, 2011.

P) CORPORATE IDENTIFICATION NUMBER (CIN)

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

Q) PLANT LOCATIONS

Location	Address
Mumbai	Gala No. 3, Ground Floor, Hi – tech embroidery, Vardhaman Industrial Estate, Near Petrol pump, S.V. Road, Dahisar (East), Mumbai – 400 068. Plot No. 61, SEEPZ, Andheri (E), Mumbai. Plot No.16 (Part), 17,28,29 (Part), SEEPZ, Andheri (E), Mumbai.
Surat	Surat Special Economic Zone, Unit No. 378, Plot No.24, Surat, Gujarat.
Hyderabad	Survey NO.1/1, Raviryala Village Road, Maheshwaram Mandal, R.R. District, Hyderabad – 501 510.
Kolkata	Mould No. – 4NE, 4th floor, SF Building, Manikanchan SEZ, Salt lake City, Kolkata – 700 091.
Coimbatore	No. 56, Bharati Salai Telungupalayam Pudur Selvapuram, Coimbatore – 641 039.

Location	Commencement	Address	Size of factory	Factory capacity (pcs/ month)	Workforce
Hyderabad Sez	June, 2008	Survey No.1/1, Ravirala Village Road, Opp. RCI 2 nd Gate, Ravirala Village Road, Plot No-15, 4 th Floor, Near Pahadishareef Police Station, Maheshwaram Mandal, R.R. District – 500 005.	1,11,761 Sq. ft	60,000 (Jewellery) 1,75,000 (Diamonds)	1183
MIDC	1 st June, 2004	Plot No 68, Street No 13/16, MIDC Andheri (East), Mumbai - 400 093.	7,500 Sq. ft.	15,000 (Jewellery)	340
Surat SEZ	September, 2003	Unit No. 373,376, 378. Plot No. 241, Surat Special Economic Zone, G.I.D.C. Road No.4, Sachin, Surat – 394 230.	3,000 Sq. ft.	43,500 (Jewellery) 2,200 crts (Diamonds)	29 (On Payroll) 550 (On Contract)
Manikanchan SEZ	May, 2009	Module - 4E Salt Lake City Manikanchan Sez V.CN SECH Bhavan Kolkata - 700 091.	5,000 Sq. ft.	NA	NA
SEEPZ (GEMPLUS I)	22 nd June, 1995	Plot No 61, Unit No 1 SEEPZ, Andheri (E) MIDC, Mumbai - 400 096.	36000 Sq. ft.	15,000 (Jewellery)	448
SEEPZ (GEMPLUS II)	1 st March, 2011	Unit no 1 Plot no 16 (p) 17,28 & 29 Seepz, MIDC, Andheri (East), Mumbai - 400 096.	28697 Sq. ft.	2000 – 2500 Carats (Diamonds)	158
Coimbatore	February, 2007	No 56, Bharati Salai Telungupalayam Pudur, Selvapuram, Coimbatore - 641 039.	8,760 Sq. ft.	5,200 Kgs (Gold Jewellery)	50

R) SHAREHOLDING PATTERN AS ON 31st MARCH, 2011

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage of Shareholding
A	SHAREHOLDING OF PROMOTER AND PROMOTER GROUP			
	1) Indian			
	a) Individuals/ Hindu Undivided Family	2	39,086,972	46.05
	b) Central Government/ State Government(s)	0	0	0
	c) Bodies Corporate	4	7,351,488	8.67
	d) Financial Institutions/ Banks	0	0	0
	e) Any Other (specify)	0	0	0
	Sub-Total (A)(1)	6	46,438,460	54.72
	2) Foreign			
	a) Individuals (Non- Resident Individuals/ Foreign Individuals)	0	0	0
	b) Bodies Corporate	1	10,000	0.01
	c) Institutions	0	0	0
	d) Any Other (specify)	0	0	0
	Sub-Total (A)(2)	1	10,000	0.01
	TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP A)= (A)(1)+(A)(2)	7	46,448,460	54.73
B	PUBLIC SHAREHOLDING			
	1) Institutions			
	a) Mutual Funds/ UTI	0	0	0
	b) Financial Institutions/ Banks	3	148,933	0.17
	c) Central Government/ State Government(s)	0	0	0
	d) Venture Capital Funds	0	0	0
	e) Insurance Companies	0	0	0
	f) Foreign Institutional Investors	70	13,653,090	16.09
	g) Foreign Venture Capital Investors	0	0	0
	h) Any Other	0	0	0
	Sub-Total (B)(1)	73	13,802,023	16.26
	2) Non-Institutions			
	a) Bodies Corporate	938	10,325,223	12.17
	b) Individuals			
	i) Individual shareholders holding nominal Share capital up to Rs. 1 lac	53,770	6,904,675	8.14
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lac	36	2,998,158	3.53
	c) Any Other(specify)			
	NRI	612	1,491,554	1.76
	Clearing Member	288	917,070	1.08
	Foreign Companies	2	1,554,050	1.83
	Trust	4	2,454	0.00
	HUF	1,354	427,931	0.50
	Sub-Total (B)(2)	57,004	2,462,115	29.01
	Total Public Shareholding (B)= (B)(1)+(B)(2)	57,077	38,423,138	45.27
	TOTAL (A)+(B)	57,084	84,871,598	100.00
C	SHARES HELD BY CUSTODIANS AND AGAINST WHICH	0	0	0
	Depository Receipts have been issued			
	GRAND TOTAL (A)+(B)+(C)	57,084	84,871,598	100



S) ADDRESS FOR CORRESPONDENCE

Shareholding related queries

Karvy Computershare Private Limited
Gitanjali Gems Limited Unit,
Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500081
Tel: +91-040-4465 5000
Fax: +91-040-23420814
E-mail: einward.ris@karvy.com
Website: www.karvy.com

General correspondence:

Gitanjali Gems Limited
Bldg No. 2/101, Jogani Complex,
Behind Amar – Brass, Manipada Road,
kalina, Santacruz (E), Mumbai – 400 098.
Tel: 022 - 4276 9100 / 101
Fax: +91-022-4276 9120
Email: investors@gitanjaligroup.com

DEPOSITORY

National Securities Depository Limited,

Trade World, A Wing, 4th and 5th Floor Kamala Mills Compound, Senapati Bapat
Marg, Lower Parel, Mumbai – 400013

Tel – 022-24994200

Fax – 022-24976351

e-mail – info@nsdl.co.in

website – www.nsdl.co.in

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers,

16th Floor,

Dalal Street, Fort

Mumbai – 400001

Tel – 022-22723333

Fax – 022-22723199

e-mail – investors@cdslindia.com

website – www.cdslindia.com





Auditor's Certificate on Corporate Governance

- 1) We have examined the compliance of conditions of Corporate Governance by Gitanjali Gems Limited for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
- 2) The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3) In our opinion and to the best of our information and according to the explanation given to us and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- 4) We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ford, Rhodes, Parks & Co.
Chartered Accountants

(A.D.SHENOY)
Partner

Membership No: 11549

Place: Mumbai
Date: 12th August, 2011





Certificate under Clause 49(V) of Listing Agreement

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

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
- d) We further certify that :
 - i) There was no significant change in internal control system during the year;
 - ii) There was no significant change in accounting policies during the year; and
 - iii) There was no instance of significant fraud during the year.

For Gitanjali Gems Limited

(Mehul C. Choksi)
Chairman & Managing Director

(Sunil Varma)
Chief Financial Officer

Place: Mumbai

Date: 27th May, 2011

Certificate of Compliance with the Code of Conduct


I, Mehul C. Choksi, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management as provided under Clause 49 of the Listing Agreement with the Stock exchanges. The Board Members and Senior Management have confirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

For Gitanjali Gems Limited

(Mehul C. Choksi)
Managing Director

Place: Mumbai

Date: 12th August, 2011



Financial Statements

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Auditors' Report

To

The Members of Gitanjali Gems Limited

We have audited the attached Balance Sheet of Gitanjali Gems Limited having their registered office at 801/802, Prasad Chambers, Opera House, Mumbai – 400 004 as at 31st March, 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- I. As required by the Companies (Auditor's report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 (the Act), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order:
- II. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of those books of the Company.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
 - d) In our opinion, the Balance Sheet, 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.
 - e) On the basis of the written representations received from the directors of the Company as on 31st March, 2011, and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with notes thereon appearing in schedule 17 give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2011,
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Ford, Rhodes, Parks & Co.**

Chartered Accountants

Firm Registration No.102860W

A.D.Shenoy

Partner

Place : Mumbai

Dated : 27th May, 2011

Membership No.11549

Annexure to the Auditors' Report

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

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of fixed assets.
- 2 (a) The inventory has been physically verified by the management during the year and also at the year end.
- (b) The procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
- 3 (a) The Company has granted unsecured loans / advances to its companies, firms or other parties covered in the register maintained under section 301 of the Act. The number of parties are Twenty Four and amount outstanding as at 31st March, 2011 is Rs. 6,129.21 millions (Previous year Rs. 4,112.64 millions and Number of Parties : Twenty Six)
- (b) The above loan is interest free except in respect of one of the wholly owned subsidiary companies. In respect of the said wholly owned subsidiary company, the loan amount carries interest and the repayment is regular.
- (c) In respect of other companies, as no installments of repayment of principal amount have been stipulated the question of repayment being regular does not arise.
- (d) The Company has taken unsecured loans from Companies, firms and other parties covered under section 301 of the Act. The number of party is One and the amounts outstanding as at 31st March, 2011 is Rs. 15.90 millions (Previous Year Rs. 0.62 millions and Numbers of parties : Two). The said loan is interest free and there are no stipulations as to repayment.
- 4 (a) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services.
- (b) During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- 5 According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
In our opinion and according to the information and explanations given to us, all the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five Lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market price at the relevant time, except that in respect of purchases and sales of some of the products, no comparison of prices could be made because of unique and specialised nature of items involved and absence of any comparable prices. We are unable to comment whether these transactions were made at prevailing market prices at the relevant time.
- 6 The Company has not accepted any deposits from the public.
- 7 The Company has engaged an independent Chartered Accountant firm to carry out the internal audit of the Company. In our opinion, the internal audit system is commensurate with its size and nature of its business.
- 8 The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.
- 9 (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, custom duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, custom duty, cess and other statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us by the Management and as per records of the Company examined by us there were no disputed dues in respect of Custom Duty, Wealth-tax, Excise Duty and Cess not deposited as at 31st March, 2011 except in respect of income tax and service tax dues as under :
 1. Disputed Income tax dues of Rs.47.44 millions for A.Y. 2006-2007 and Rs. 125.61 millions for A.Y.2007-08. Appeal filed with CIT(A).
 2. Disputed Service tax dues of Rs.43.63 millions for period 2005 to 2008 Showcause cum Demand notice reply filed with Service Tax Authorities.
- 10 The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- 11 Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution or bank during the year.

Annexure to the Auditors' Report

(Referred to in paragraph I of our report of even date) (Contd.)

12. The Company has not granted loans and advances on the basis of security of pledge of shares, debentures and other securities.
13. The provisions of Clause 4 (xiii) of the Order (as amended) are not applicable as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year. Hence provisions of Clause 4 (xiv) of the Order (as amended) are not applicable.
15. According to the information given to us and managements' representation, the Company has given guarantees of Rs.18,478.70 millions for the loans taken by its wholly owned subsidiary companies from banks/ financial institutions.
16. The Company did not avail any term loans during the year.
17. According to the information and explanations given to us and overall examination of the Balance Sheet and Cash Flow Statement of the Company we report that no funds raised on short term basis have been used for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. The Company has not issued any debenture during the year.
20. The Company has not raised any money by public issues during the year. However the Company had issued 6,01,598 Equity Shares of Rs.10 each for premium of Rs. 210 each on conversion of FCCBs.
21. Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

A.D.Shenoy
Partner

Place : Mumbai

Dated : 27th May, 2011

Membership No.11549

Balance Sheet

as at 31st March,

(Rs. in Millions)

	Schedule	2011		2010
I. SOURCES OF FUNDS :				
Shareholders' Funds				
a. Share Capital	1	848.72		842.70
b. Reserves and Surplus	2	21,716.55		19,640.11
c. Share Warrants		-		-
			22,565.27	20,482.81
Loan Funds				
a. Secured Loans	3	15,639.91		12,697.40
b. Unsecured Loans	4	3,179.22		3,316.93
			18,819.13	16,014.33
Deferred Tax Liability (Net)			7.84	9.21
TOTAL			41,392.24	36,506.35
II. APPLICATION OF FUNDS :				
Fixed Assets				
a. Gross Block	5	849.27		841.58
b. Less : Depreciation		268.81		242.74
c. Net Block			580.46	598.84
Investments	6		9,662.62	8,985.24
Current Assets, Loans & Advances				
a. Inventories	7	11,053.86		7,892.36
b. Sundry debtors	8	22,396.51		18,200.17
c. Cash and bank balances	9	2,607.14		1,346.20
d. Loans and advances	10	8,434.08		6,213.36
			44,491.59	33,652.09
Less : Current Liabilities and Provisions				
a. Current liabilities	11	12,503.97		6,044.14
b. Provisions	12	838.46		685.68
			13,342.43	6,729.82
Net Current Assets			31,149.16	26,922.27
TOTAL			41,392.24	36,506.35
Significant Accounting Policies and Notes To Accounts	17			
Schedules 1 To 17 annexed hereto form part of the Balance Sheet and Profit & Loss Account				

As per our report of even date
For **FORD, RHODES, PARKS & CO.**
Chartered Accountants
Firm Reg. No.: 102860W

A. D. SHENOY
Partner
M. No. 11549

Place : Mumbai
Date : 27th May, 2011

For and on behalf of the Board

MEHUL C. CHOKSI
Managing Director

DHANESH SHETH
Director

PANKHURI WARANGE
Company Secretary

Profit & Loss Account

for the year ended 31st March,

(Rs. in Millions)

	Schedule	2011		2010
INCOME :				
Sales	13	51,224.72		33,549.70
Other Income	14	7.98		2.82
			51,232.70	33,552.52
EXPENDITURE :				
Cost of Trading Goods/Materials Consumed	15	46,920.92		30,641.89
Operating Expenses	16	985.13		366.52
Interest (net)		1,003.44		1,011.14
Depreciation		33.56		39.41
			48,943.05	32,058.96
Profit Before Taxation			2,289.65	1,493.56
Provision For Taxation				
- Current Tax			45.00	69.50
- Earlier Years (Excess)/ Short Provision			-	2.20
- Deferred Tax			(1.38)	0.95
Profit After Taxation			2,246.03	1,420.91
Balance Brought Forward From Last Year			6,450.45	5604.65
Amount Available For Appropriation			8,696.48	7,025.56
Appropriations				
General Reserve		230.00		120.00
Capital Redemption Reserve		-		7.93
Debenture Redemption Reserve		250.00		250.00
Proposed Dividend		254.61		168.54
Tax on Dividend		41.31		28.64
			775.92	575.11
Balance carried to Balance Sheet			7,920.56	6,450.45
Basic Earnings Per Share of Rs 10 Each			26.46	16.84
Diluted Earnings Per Share of Rs 10 Each			22.84	14.53
Significant Accounting Policies and Notes To Accounts	17			
Schedules 1 To 17 annexed hereto form part of the Balance Sheet and Profit & Loss Account				

As per our report of even date
For **FORD, RHODES, PARKS & CO.**
Chartered Accountants
Firm Reg. No.: 102860W

A. D. SHENOY
Partner
M. No. 11549

Place : Mumbai
Date : 27th May, 2011

For and on behalf of the Board

MEHUL C. CHOKSI
Managing Director

DHANESH SHETH
Director

PANKHURI WARANGE
Company Secretary

Cash Flow Statement

as at 31st March,

(Rs. in Millions)

	2011		2010	
CASHFLOW FROM OPERATING ACTIVITIES :				
Net profit before Tax		2,289.65		1,493.56
Adjustment for :				
Depreciation	33.56		39.41	
Interest (net)	1,003.44		1,011.14	
Bad Debts W/Off	2.51		-	
Exchange (Gain)/Loss	(264.58)		(404.58)	
Dividend Received	(1.31)		(0.21)	
Profit on sale of Fixed Assets	(2.44)		(1.38)	
	771.18		644.38	
Changes in Working Capital :				
(Increase)/Decrease in Inventories	(3,161.52)		(311.24)	
(Increase)/Decrease in Sundry Debtors	(4,337.34)		(2,744.90)	
(Increase)/Decrease in Loans & Advances	(2,137.40)		(634.78)	
Increase/(Decrease) in Current Liabilities	9,794.89		2,449.33	
Increase/(Decrease) in Provisions	8.39		(0.76)	
	167.02		(1,242.35)	
Income Tax Paid	(56.15)	882.05	(54.53)	(652.50)
CASHFLOW FROM INVESTING ACTIVITIES :				
Purchase of Investments (Net)	(677.37)		(600.06)	
Receipt of Dividend	1.31		0.21	
Purchase of Fixed Assets	(20.67)		(44.40)	
Sale of Fixed Assets	7.93	(688.80)	29.39	(614.86)
CASHFLOW FROM FINANCING ACTIVITIES :				
Issue of Share Capital	-		(7.93)	
Increase in Share Premium	-		(84.01)	
Changes in Unsecured Loans (including FCCB)	15.27		(9.45)	
Dividend and Dividend Tax Paid	(196.53)		(178.88)	
Interest paid (net)	(1,040.68)	(1,221.94)	(970.97)	(1,251.24)
Effect of exchange difference on translation of foreign currency cash and cash equivalents		(0.02)		(15.04)
Net increase/(decrease) in cash and cash equivalents		1,260.94		(1,040.08)
Cash and cash equivalents at the beginning of the year		1,346.20		2,386.28
Cash and cash equivalents at the end of the year		2,607.14		1,346.20
Components of Cash and Cash equivalents at the year end				
Balance with Banks				
In Currents Account	278.30		176.36	
In Fixed Deposit Accounts	2,319.37		1,169.00	
In EEFC Account	8.47		0.15	
		2,606.14		1,345.51
Cash on Hand		1.00		0.69
		2,607.14		1,346.20

Notes:

- 1) Cash flow statement has been prepared under the Indirect method as set out in the Accounting Standard-3 as per The Companies (Accounting Standards) Rule, 2006.
- 2) Previous year figures have been restated and regrouped wherever necessary
- 3) Figures in bracket indicates outflows.

As per our report of even date For FORD, RHODES, PARKS & CO. Chartered Accountants Firm Reg. No.: 102860W	For and on behalf of the Board		
A. D. SHENOY Partner M. No. 11549	MEHUL C. CHOKSI Managing Director	DHANESH SHETH Director	PANKHURI WARANGE Company Secretary
Place : Mumbai Date : 27 th May, 2011			

Schedules

forming part of the balance Sheet as at 31st March,

(Rs. in Millions)

	2011		2010	
SCHEDULE 1 - SHARE CAPITAL				
Authorised :				
15,00,00,000 Equity Shares of Rs. 10/- each		1,500.00		1,200.00
(Previous year 12,00,00,000 Equity shares of Rs 10/-each)				
		1,500.00		1,200.00
Issued, Subscribed & Paid up :				
* 8,48,71,598 (Previous Year 8,42,70,000) Equity Shares				
of Rs.10/- each fully paid up				
Opening Balance	842.70		850.63	
Add : Issue of Shares	6.02	848.72	(7.93)	842.70
TOTAL		848.72		842.70

(Refer Note No. 2.2.)

SCHEDULE 2 - RESERVES & SURPLUS				
(A) Share Premium Account				
Opening Balance	12,026.90		12,110.91	
Add : During the year	126.33	12,153.23	(84.01)	12,026.90
(B) General Reserve				
Opening Balance	470.00		350.00	
Add : Transferred from Profit & Loss Account during the year	230.00	700.00	120.00	470.00
(C) Revaluation Reserve				
Opening Balance	122.83		-	
Add : During the year	-	122.83	122.83	122.83
(D) Capital Reserve				
Opening Balance	312.00		-	
Add : During the year	-	312.00	312.00	312.00
(E) Debenture Redemption Reserve				
Opening Balance	250.00		-	
Add : During the year	250.00	500.00	250.00	250.00
(F) Capital Redemption Reserve				
Opening Balance	7.93		-	
Add : During the year	-	7.93	7.93	7.93
(G) Profit & Loss Account		7,920.56		6,450.45
TOTAL		21,716.55		19,640.11

SCHEDULE 3 - SECURED LOANS				
Working Capital Loans From Banks / Financial Institutions		14,389.91		11,447.40
(Refer Note 2.4 - Schedule 17)				
Non Convertible Debentures (LIC of India)		1,250.00		1,250.00
TOTAL		15,639.91		12,697.40

SCHEDULE 4 - UNSECURED LOANS				
From a Director		15.90		0.40
From a Shareholder		-		0.22
Foreign Currency Convertible Bonds (Refer Note No. 2.2- Schedule 17)		3,163.32		3,316.31
TOTAL		3,179.22		3,316.93

Schedules

forming part of the balance Sheet as at 31st March,

(Rs. in Millions)

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 1 st April, 2010	Additions	Deductions Transfer	As at 31 st March, 2011	As on 1 st April, 2010	Provided for the year	Deductions Transfer	As at 31 st March 2011	As at 31 st March 2010
Freehold land *	271.50	-	0.80	270.70	-	-	-	270.70	271.50
Factory Building	97.34	-	-	97.34	52.05	4.31	-	40.98	45.29
Office Premises	75.14	7.99	-	83.13	8.27	3.71	-	71.15	66.87
Plant & Machinery	98.37	2.53	-	100.90	65.16	4.81	-	30.93	33.21
Furniture & Fixture	88.79	2.90	0.57	91.12	50.51	6.87	-	33.74	38.28
Office Equipments	16.06	0.60	-	16.66	9.25	1.10	-	6.31	6.81
Computers	48.11	4.35	-	52.46	29.09	8.48	-	14.89	19.02
Vehicles	28.65	1.33	10.44	19.54	14.96	3.68	7.49	8.39	13.69
Moulds & Dies	18.15	-	-	18.15	13.45	0.60	-	4.10	4.70
SUB TOTAL	742.11	19.70	11.81	750.00	242.74	33.56	7.49	481.19	499.37
Capital Work-in-Progress	91.94	0.02	1.17	90.79	-	-	-	90.79	91.94
Advances on Capital Account **	7.53	0.95	-	8.48	-	-	-	8.48	7.53
TOTAL	841.58	20.67	12.98	849.27	242.74	33.56	7.49	268.81	598.84
Previous Year Figures	709.93	167.23	35.58	841.58	210.90	39.41	7.57	242.74	598.84

* Includes cost of land pending registration in the name of the Company Rs. 64.16 million and advance given for purchase of land - Rs. 3.34 million and also Includes Revaluation reserve of Rs. 123 million

** Represents advances given for office premises at Bharat Diamond Bourse where possession is pending

Schedules

forming part of the balance Sheet as at 31st March,

(Rs. in Millions)

	2011		2010	
SCHEDULE 6 - INVESTMENTS				
Long Term Unquoted (at cost)				
1) SUBSIDIARY COMPANIES				
99,000 Equity Shares of Rs.100/- each fully paid up of Mehul Impex Limited (Previous Year : 99,000 Equity Shares)		9.90		9.90
50,000 Equity Shares of Rs.10/- each fully paid up of CRIA Jewellery Private Limited (Previous Year : 50,000 Equity Shares)		0.50		0.50
1,28,00,000 Equity Shares of Rs. 10/- each fully paid up of Gitanjali Exports Corporation Limited (Previous Year 1,28,00,000 Equity Shares)		1,698.15		1,698.15
1,67,00,000 Equity Shares of Rs. 5/- each fully paid up of Gitanjali Brands Limited (Formerly Known as Fantasy Jewellery Pvt. Ltd.) (Previous Year 83,50,000 Equity Shares of Rs. 10/- each)		301.25		301.25
50,000 Equity Shares of Rs. 10/- Each of Hyderabad Gems SEZ Limited (Previous Year : 50,000 Equity Shares)		0.50		0.50
8,50,000 Equity Shares of Rs. 10/- Each of Asmi Jewellery India Limited (Formerly Known as Asmi Jewellery India Pvt. Ltd.) (Previous Year : 4,50,000 Equity Shares)		374.50	154.50	
Add : Advance towards Share Capital			180.00	334.50
66,00,000 Equity Shares of Rs.10/- each fully paid up of GILI India Limited (Formerly Known as Gitanjali Jewels Ltd.) (Previous Year : 66,00,000 Equity Shares)		880.00		880.00
2,550 Equity Shares of Rs. 100/- Each of Shubalavanyaa Jewel Crafts Private Limited (Previous Year : 2,550 Equity Shares)		0.27		0.27
5,00,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Infratech Limited (Previous Year : 5,00,00,000,Equity Shares)		500.00		500.00
2,50,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Lifestyle Limited (Previous Year : 20,50,000 Equity Shares)		528.00		100.50
26,02,050 Equity Shares of Rs. 10/- each fully paid up of D'Damas Jewellery (India) Private Limited (Previous Year 26,02,050 Equity Shares)	26.02		26.02	
Add : Advance towards Share Capital	180.00	206.02	180.00	206.02
10,18,795 - 4% Non - Cumulative Redeemable Preference Shares of Rs. 100/- each of D'damas Jewellery (India) Private Limited (Previous Year : 10,18,795 Preference Shares)		101.88		101.88
27,50,000 Equity Shares of Rs.10/- each of Brightest Circle Jewellery Limited (Formerly known as Brightest Circle Jewellery Pvt. Ltd.) (Previous Year : 27,50,000 Equity Shares)		523.48		523.48
1,66,666 - 4% Non - Cumulative Redeemable Preference Shares of Rs. 10/- each of Brightest Circle Jewellery Limited (Formerly known as Brightest Circle Jewellery Pvt. Ltd.) (Previous Year : 1,66,666 Preference Shares)		16.67		16.67
50,000 Equity Shares of Rs. 10/- Each of Raigad Gems SEZ Limited (Previous Year : 50,000 Equity Shares)		0.50		0.50
* NIL Equity Shares of Rs. 10/- Each of Aurangabad SEZ Limited (Previous Year : 50,000 Equity Shares)		-		0.50
* NIL Equity Shares of Rs. 10/- Each of Nanded SEZ Limited (Previous Year : 50,000 Equity Shares)		-		0.50
50,000 Equity Shares of Rs. 10/- Each of Nashik Multi Services SEZ Limited (Previous Year : 50,000 Equity Shares)		0.50		0.50
* NIL Equity Shares of Rs. 10/- Each of Nagpur Multi-Product SEZ Limited (Previous Year : 50,000 Equity Shares)		-		0.50
50,000 Equity Shares of Rs. 10/- Each of West Bengal SEZ Limited (Previous Year : 50,000 Equity Shares)		0.50		0.50

Schedules

forming part of the balance Sheet as at 31st March,

	(Rs. in Millions)	
	2011	2010
SCHEDULE 6 - INVESTMENTS (CONTD.)		
50,000 Equity Shares of Rs. 10/- Each of Mohar Jewels Limited (Previous Year : 50,000 Equity Shares)	0.50	0.50
50,000 Equity Shares of Rs. 10/- Each of Eureka Finstock Private Limited (Previous Year : 50,000 Equity Shares)	0.50	0.50
50,000 Equity Shares of Rs. 10/- Each of Decent Securities & Finance Private Limited (Previous Year : 50,000 Equity Shares)	0.50	0.50
10,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Jewellery Retail Private Limited (Formerly known as Modali Jewels Pvt. Ltd.) (Previous Year : 10,00,000 Equity Shares)	8.00	8.00
28,33,000 Equity Shares of Rs. 10/- Each of Modali Gems Private Limited (Formerly known as Modali Distributors Pvt. Ltd.) (Previous Year : 28,33,000 Equity Shares)	14.18	14.18
71,33,600 Equity Shares of Rs. 10/- Each of MMTC Gitanjali Private Limited (Previous Year : 18,87,000 Equity Shares)	71.34	18.87
50,000 Equity Shares of Rs. 10/- Each of Gitanjali Retail Ventures Limited (Previous Year : 50,000 Equity Shares)	0.50	0.50
20,00,000 Equity Shares of Rs. 10/- Each of Bezel India Private Limited (Formerly known as Morellato India Pvt. Ltd.) (Previous Year : 20,00,000 Equity Shares)	43.74	43.74
49,800 Equity Shares of Rs. 10/- Each of Spectrum Jewellery Limited (Formerly known as Spectrum Jewellery Pvt. Ltd.) (Previous Year : 19,800 Equity Shares)	0.42	0.12
10,000 Equity Shares of Rs. 10/- Each of N & J Finstock Private Limited (Previous Year : NIL)	0.05	-
2) OVERSEAS SUBSIDIARIES		
** 1960 Common Stock of USD 0.01 each of Samuels Jewelers Inc. USA (Previous Year : 1772.68 Common Stock)	3,180.14	2,383.39
200 Shares of AED 1000 each of Gitanjali Ventures DMCC (Previous Year : 200 Shares)	428.86	383.97
**NIL shares of Rogers Ltd Inc USA (Previous Year : 8336.10 Shares)	-	780.42
100 Common Shares of Gitanjali USA Inc. (Previous Year : 100 Common Shares)	728.46	638.93
100 Common Shares of Gitanjali Resources BVBA (Previous Year : NIL)	2.22	
Giantti Italia SRL	0.59	
3) OTHERS		
10,00,000 Equity Shares of Diamond India Limited (Previous Year : 10,00,000 Shares)	40.00	30.00
	9,662.61	8,980.24
Quoted Investment		
PNB - Principal Mutual Fund - MIP Plus	-	2.50
PNB - Principal Mutual Fund - Balance Fund	-	5.00
TOTAL	9,662.61	8,985.24

* Closed under Easy Exit Scheme, 2011

** Includes investment of Merged entity namely Rogers Ltd. Inc. USA

Schedules

forming part of the balance sheet as at 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 7 - INVENTORIES		
(As Certified by the Management)		
a. Raw Materials	8,418.50	5,173.35
b. Work In Process	54.48	67.92
c. Manufactured Goods	356.54	183.52
d. Trading Goods	2,219.66	2,463.46
e. Consumables, Stores & Tools	4.68	4.11
TOTAL	11,053.86	7,892.36

SCHEDULE 8 - SUNDRY DEBTORS		
(Unsecured, Considered Good unless and other wise stated)		
Outstanding for more than six months	5,459.91	7,002.89
Outstanding for more than six months considered doubtful	7.69	7.69
	5,467.60	7,010.58
Others	16,999.13	11,635.87
Exports Receivables Translation Control Account	(62.53)	(438.59)
Less: Provision for doubtful debts	7.69	7.69
TOTAL	22,396.51	18,200.17

SCHEDULE 9 - CASH AND BANK BALANCES		
Cash on Hand	1.00	0.69
Balance with Scheduled Banks :		
in Current Accounts	278.30	176.36
in Fixed Deposits	2,319.37	1,169.00
in EEFC Account	8.47	0.15
TOTAL	2,607.14	1,346.20

SCHEDULE 10 - LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	881.48	791.69
Advances to Subsidiary Companies	6,134.71	4,329.87
Deposits	27.31	22.90
Service Tax Receivable	3.61	3.49
Sales Tax Refund Receivable	14.98	16.31
Income Tax	609.54	553.39
Staff Advances	12.11	9.13
Prepaid Expenses	135.46	134.82
Advances to Suppliers / Labourer	613.63	350.51
Share Application Money	1.25	1.25
TOTAL	8,434.08	6,213.36

Schedules

forming part of the balance Sheet as at 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 11 - CURRENT LIABILITIES		
Sundry Creditors*		
For Goods / Labour	11,187.51	5,164.06
For Others / Expenses	502.44	527.14
For Other liabilities	3.48	22.61
Advance received from customers	771.01	277.81
Interest accrued but not due on bank loans	29.77	39.85
Statutory Liabilities	9.76	12.67
*(There is no amount due and outstanding to Investor Education and Protection Fund and Small Scale Industrial Undertakings)		
TOTAL	12,503.97	6,044.14
SCHEDULE 12 - PROVISIONS		
Provision for -		
Taxation	519.95	474.95
Fringe Benefit Tax	4.00	3.99
Proposed Dividend	254.87	168.81
Dividend Tax	41.96	28.64
Gratuity	17.68	9.29
TOTAL	838.46	685.68

Schedules

forming part of the Profit & Loss Account for the year ended 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 13 - SALES		
Exports (Including Deemed Exports)		
Diamonds	25,499.75	14,321.01
Jewellery	5,135.64	3,611.57
	30,635.39	17,932.58
Local		
Diamonds	7,884.56	6,650.86
Bullion and Jewellery	12,704.77	8,966.26
	20,589.33	15,617.12
TOTAL	51,224.72	33,549.70

SCHEDULE 14 - OTHER INCOME		
Dividend Received	1.31	0.21
Job Work	-	1.11
Miscellaneous Receipts	-	0.12
Profit on Sale of Fixed Assets	2.44	1.38
Sale of Scrap	4.23	-
TOTAL	7.98	2.82

SCHEDULE 15 - COST OF TRADING GOODS/ MATERIAL CONSUMED		
Opening Stock		
Diamonds	7,101.02	6,619.80
Bullion/Jewellery	787.24	956.03
	7,888.26	7,575.83
Add: Purchases		
Diamonds	34,638.63	20,384.08
Bullion/Jewellery	14,071.54	9,882.05
	48,710.17	30,266.13
Add: Labour Charges / Mfg. Expenses		
	1,371.68	688.19
	50,081.85	30,954.32
Less: Closing Stock		
Diamonds	10,476.57	7,101.02
Bullion/Jewellery	572.62	787.24
	11,049.19	7,888.26
TOTAL	46,920.92	30,641.89

Schedules

forming part of the Profit & Loss Account for the year ended 31st March,

	(Rs. in Millions)	
	2011	2010
SCHEDULE 16 - OPERATING EXPENSES		
Employee Cost		
Salary, Bonus & Allowances	227.40	138.35
Contribution To P.F.& Other Funds	5.89	5.15
Staff Welfare	4.66	5.01
Gratuity	10.02	1.99
SUB-TOTAL	247.97	150.50
Other Operating Expenditures		
Packing Materials Consumed	0.05	0.02
Rent, Rates & Taxes	35.85	37.87
Commission & Assortment Charges	7.95	8.53
Foreign Travelling Expenses	20.51	23.53
Computer Expenses	4.03	3.64
Electricity	8.36	7.06
Advertisement / Selling & Distribution Expenses	186.84	120.55
Travelling & Conveyance	15.35	14.57
Membership/Subscription	1.11	2.10
Telephone Expenses	3.80	4.17
Postage & Courier Expenses	2.06	1.59
Legal, Professional And Service Charges	118.19	76.73
Printing & Stationery	4.90	5.28
Export Sales Expenses	11.82	6.79
Auditors' Remuneration	2.65	2.21
Event Expenses	0.11	12.07
Bank Commission	217.34	130.60
Consumables	3.62	2.68
Insurance	0.93	2.37
Donation	40.14	13.36
Import Expenses	6.68	2.95
E.C.G.C. Premium	23.75	20.43
Freight & Forwarding (Export)	2.63	2.62
Security Service Charges	2.93	3.07
Bad Debts W/off	2.51	26.75
Service Tax	-	1.60
Repairs & Maintenance - Plant & Machinery	0.43	0.87
Repairs & Maintenance - Others	7.79	4.00
EEFC/Cont/Cryt/Bank Facility Exchange Difference	(52.93)	(372.14)
Miscellaneous Expenses	57.76	50.15
SUB-TOTAL	737.16	216.02
GRAND TOTAL	985.13	366.52

Schedules

forming part of the accounts for the year ended 31st March, 2011

SCHEDULE – 17

Significant Accounting Policies & Notes To Accounts :

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Accounting Concepts

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

1.2 Use of estimates

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

1.3 Revenue Recognition

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

1.4 Fixed Assets

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

1.5 Leased Assets

- a) Assets taken on finance lease, including taken on hire purchase arrangements, wherein the Company has an option to acquire the asset, are accounted for as fixed assets in accordance with the Accounting Standard 19 on "Leases", (AS 19).
- b) Assets taken on lease under which the lessor effectively retains all the risk and rewards of ownership are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreement.
- c) The cost of improvements to lease properties are capitalised and disclosed appropriately.

1.6 Impairment of Fixed Assets

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

1.7 Depreciation

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

1.8 Investment

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

1.9 Borrowing Costs

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

1.10 Foreign Currency Transactions

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

Foreign currency assets, except investments and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the date of balance sheet and resultant gains/losses are charged to the profit and loss account.

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

Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognised in the Profit and Loss account.

Schedules

forming part of the accounts for the year ended 31st March, 2011

1.11 Inventories

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

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

1.12 Taxation

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

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

1.13 Employee Benefits

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

1.14 Earning Per Share

Earning per share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

Dilutive EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares considered for deriving the basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted at the beginning of the year and not issued at a later date.

1.15 Provisions for Contingent Liabilities and Contingent Assets

Contingent liabilities are not provided for and are disclosed by way of notes after careful evaluation by the management of the facts and legal aspects of the matters involved. Contingent assets are neither recognised nor disclosed in the financial statements.

2. NOTES TO ACCOUNTS :

2.1.1 Contingent Liabilities not provided in respect of

- a) Corporate Guarantees given by the Company to the extent of Rs. 18,478.70 millions (Previous year Rs. 13,744.60 millions) for Working capital facilities availed by its subsidiaries.
- b) Outstanding Letter of Credit : Rs. 149.43 millions (Previous year Rs. 426.31 millions)
- c) Bank Guarantees : Rs. 2463.40 millions

2.1.2. Claims against the Company not acknowledged as debt :

- a) Disputed Income Tax : Rs. 173.05 millions (Previous Year: Rs. 47.44 millions)

Schedules

forming part of the accounts for the year ended 31st March, 2011

The Company's income tax assessments are completed upto Ay. 2007-08. The Company has filed appeals against the assessment orders and appeals are pending before CIT (A). The Company, based on tax consultant's assessment, is confident that the cases are likely to be decided favourably.

- b) Disputed Service Tax : Rs. 43.63 millions (Previous Year : Rs. 43.63 millions)

The Company has replied the show cause notices and based on the opinion received and as per the internal assessment of the Company, the demand is not likely to be crystallised.

2.2 Share Capital, FCCB & GDR

- a) i) During the year, Company has utilised balance amount of USD 2.00 millions out of the FCCB proceeds as on 31st March, 2010 and balance as on 31st March, 2011 is NIL. The said balance has been utilised towards its objects viz. overseas acquisitions and infrastructure activities including development of Special Economic Zones.
- ii) Upto 31st March, 2009, the Company had converted USD 36.14 millions of FCCBs into 58,96,067 equity shares of Rs. 10 each at an initial conversion price of Rs. 275/- per equity share. During the year 2008-09, the conversion price was adjusted and reset to Rs. 220/- per equity share as per terms and condition of Offering Circular dated 21st November, 2006 and any equity shares upon conversion would rank pari passu with existing share holders. During the year 2010 - 11, the Company has converted 6,01,598 equity shares of Rs. 10 each at an revised conversion price of Rs. 220/- per equity share and the outstanding FCCBs as on 31st March, 2011 amounted to USD 70.91 millions. Accordingly, the share capital is increased from 8,42,70,000 shares of Rs. 10 each to 8,48,71,598 shares of Rs. 10 each and also share premium has been credited with Rs. 126.34 millions on above account.
- iii) The FCCBs are due for redemption on 25th November, 2011 at premium of USD 4,205.20 per bond of USD 10,000. This premium on redemption of FCCBs is contingent in nature, as determination and crystallisation of the liabilities is dependent on future uncertain event or actions not holding within the control of the Company. The conversion of the bonds is possible till the last date. Thus there is uncertainty as to exact amount which will remain outstanding on the maturity date. Further the Company has also been advised that the premium payable on redemption of FCCBs could be adjusted against Share Premium Account. The Company has therefore not provided for premium upto 31st March, 2011 amounting to USD 25.42 millions (proportionate basis) based on outstanding FCCBs of USD 70.91 millions.
- b) Out of the balance Global Depository Receipts (GDRs) proceeds of USD 2.215 millions as on 31st March, 2010, the Company utilised USD 2.149 millions towards investment in overseas and Indian subsidiaries and towards general corporate purposes including working capital requirements as per the objects of the issue. Pending utilisation, the balance proceeds of USD 0.066 millions have been kept in deposit accounts with overseas banks as on 31st March, 2011.

2.3 Investments

In Subsidiaries

The Company had given in the earlier years an amount of Rs. 180 millions to one of the subsidiaries. Pending completion of various formalities by the said subsidiary, the said amount continues to be classified under the "Investment Schedule".

2.4 Secured Loans

- a) Working capital borrowings from Banks/ Financial Institution are secured against hypothecation by way of a first charge on all the present and future goods, movable assets, vehicles, furniture, stock-in-trade, fixed deposits, book debts, office premises of group companies alongwith personal guarantee of the Managing Director.
- b) On 22nd June, 2009, the Company issued 12% redeemable non cumulative convertible debentures of Rs. 1250 millions to LIC of India. The tenor of debentures is five years (maturity date : 21st June, 2014) and are redeemable in eight equal quarterly installments with initial moratorium of three years. The said debentures are secured by first pari passu charge over certain immovable properties in Hyderabad (A.P.) belonging to one of the wholly owned subsidiaries. During the year, the Company has transferred Rs. 250 millions to Debenture Redemption Reserve (DRR) and cumulative balance in DRR account is Rs. 500 millions.

- 2.5 The Company has committed to transfer the borivali factory land to one of the subsidiaries for its development project. As at 31st March, 2011 the land is not transferred.

2.6 Following payments have been made to Directors during the year

	(Rs. in Millions)	
	2011	2010
Salary & Other Payments	4.80	5.59

In view of the sufficient profits during the year and as no commission is paid/ payable to any director, separate computation of profit in respect of managerial remuneration as required under Section 198 / 349 of the Companies Act, 1956 is not given.

Schedules

forming part of the accounts for the year ended 31st March, 2011

2.7 Interest received during the year was Rs. 105.30 millions (Previous Year Rs. 95.19 millions) and Tax Deducted at Source from interest income was Rs. 15.44 millions for the year ended 31st March, 2011. (Previous Year Rs. 17.49 millions).

2.8 Sundry Debtors (Schedule 8)

- a) Sundry debtors as on 31st March, 2011 includes Rs. 22.49 millions (Previous year Rs. 145.02 millions) due from concerns in which Directors are interested as Directors/Partners.
- b) Sundry debtors as on 31st March, 2011 includes Rs. 1,606.46 millions (Previous year Rs. 2,672.34 millions) due from Associates.

2.9 Loans and Advances (Schedule 10)

- a) Advances to suppliers includes Rs. 72.64 millions (Previous year Rs. 240.13 millions) given to concerns in which Directors are interested as Directors/Members/Partners.
- b) Advances to suppliers includes Rs. 3.41 millions (Previous year: NIL) given to Associates.

2.10 Remuneration to Auditors

	(Rs. in Millions)	
	2011	2010
a) Audit Fees	2.15	1.75
b) Tax Audit Fees	0.25	0.25
C) Service Tax	0.25	0.21
TOTAL	2.65	2.21

2.11 Information required pursuant to Paras 3 & 4 of part II of Schedule VI to the Companies Act, 1956 - As per Annexure – I

2.12 Earning per share (after Tax provision)

	2011	2010
Net profit for the period attributable to equity shareholders (Rs. In Million)	2246.03	1420.92
Weighted average number of equity Shares outstanding	84,871,598	84,359,854
Basic earnings per share (Face value of Rs. 10 each) (Rs.)	26.46	16.84
Weighted average number of equity Shares outstanding (Nos.)	99,332,403	99,782,900
Diluted earnings per share (Face value of Rs. 10 each) (Rs.)	22.84	14.53

2.13 Deferred Tax Assets & Liabilities as on 31st March, 2011 are as under:

	(Rs. in Millions)	
	2011	2010
Deferred Tax (Liability)		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(13.71)	(12.37)
Gross Deferred Tax (Liability)	(13.71)	(12.37)
Deferred Tax Asset		
Provision for Retirement Benefits	5.87	3.16
Gross Deferred Tax Asset	5.87	3.16
Net Deferred Tax Asset/(Liability)	(7.84)	(9.21)

Schedules

forming part of the accounts for the year ended 31st March, 2011

2.14 Defined Benefit Plan:

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

	2011	2010
I. Assumptions		
Discount Rate Previous Year	8.00 %	8.00%
Salary Escalation Previous Year	6.00 %	6.00%
Attrition Rate Previous Year	2.00 %	2.00%
Discount Rate Current Year	7.75 %	7.75%
Salary Escalation Current Year	6.00 %	6.00%
Attrition Rate Current Year	2.00 %	2.00%

(Rs. in Millions)

	2011	2010
II. Table Showing Change in Benefit Obligation		
Liability at the beginning of the year	9.29	7.35
Interest Cost	0.87	0.71
Current Service Cost	3.05	2.61
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer in	-	-
Liability transfer out	-	-
Benefit Paid	(1.63)	(0.35)
Actuarial (gain)/loss on obligations	6.10	1.03
Liability at the end of the year	17.68	9.29

	2011	2010
III. Recognition of Transitional Liability		
Transition Liability at start	-	-
Transition Liability recognised during the year	-	-
Transition Liability at end	-	-

	2011	2010
IV. Amount Recognised In The Balance Sheet		
Liability at the end of the year	17.68	9.29
Fair Value of Plan Assets at the end of the year		
Difference	(17.68)	(9.29)
Unrecognised Past Service Cost	-	-
Unrecognised Transition Liability	-	-
Amount Recognised in the Balance Sheet	(17.68)	(9.29)

Schedules

forming part of the accounts for the year ended 31st March, 2011

(Rs. in Millions)		
	2011	2010
V. Expenses Recognised in the Income Statement		
Current Service Cost	3.05	2.61
Interest Cost	0.87	0.71
Expected Return on Plan Assets	-	-
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Recognition of Transition Liability	-	-
Actuarial (Gain) or Loss	6.10	(1.03)
Expense Recognised in Profit & Loss Account	10.02	2.29
	2011	2010
VI. Balance Sheet Reconciliation		
Opening Net Liability	9.29	7.35
Expense as above	10.02	2.29
Employers Contribution	(1.63)	(0.35)
Amount Recognised in Balance Sheet	17.68	9.29
	2011	2010
VII. Other Details		
Gratuity is payable at the rate of 15 days		
Salary for each year of service subject to maximum of Rs. 3,50,000/-		
Salary escalation is considered as advised		
Company which is in line with the industry practice		
Considering promotion and demand and supply of the Employees		
Number of Members	573	494
Salary Per Month	9.48	7.52
Contribution for next year	-	-
	2011	2010
VIII. Experience Adjustment		
On Plan Liability Gain / (Loss)	6.82	(0.33)

2.15 Segment Reporting (Accounting Standard –17)

The Management of the Company identifies two major reportable segments as Diamond business & Jewellery Business.

(Refer to Annexure II)

Schedules

forming part of the accounts for the year ended 31st March, 2011

2.16 Related Party Transaction (Accounting Standard -18)

Refer to Annexure – III

2.17 Impairment of Assets

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

2.18 Disclosure as per Accounting Standard (AS – 19) on “Leases”, issued by the ICAI, are given below:

- i. The Company has taken various office premises and fixed assets under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements.
- ii. Lease payments are recognised in the Profit and Loss Account under 'Rent' in schedule 16.
- iii. The future minimum lease payments under non-cancelable operating lease :
 - a. not later than one year Rs. 57.55 millions (Previous year : Rs. 37.56 millions)
 - b. later than one year and not later than five years Rs. 149.11 millions (Previous year : Rs. 65.73 millions)
 - c. More than five years Rs. NIL (Previous year : Rs. Nil)

2.19 Disclosure of Foreign Currency Exposures :

The details of outstanding foreign currency exposure of the Company as at 31st March, 2011 are as under:

Particulars	USD (In Millions)
Debtors – covered by Forward Contract	86.23
Debtors – uncovered	372.99
Creditors – covered by Forward Contract	17.70
Creditors – uncovered	193.26
Bank Balance – uncovered	0.07
FCCBs – uncovered	70.91
Bank Facility - uncovered	117.70

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

Schedules

forming part of the accounts for the year ended 31st March, 2011

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

(Rs. in Millions)

Name of the Company	Amount outstanding as at 31 st March, 2011	Maximum amount outstanding during the year
Alliance Jewelleries Pvt Ltd.	0.07	0.07
Brightest Circle Jewellery Ltd.	75.00	75.00
Cria Jewellery India Pvt. Ltd.	16.72	42.19
Decent Securities & Finance Pvt. Ltd.	91.73	94.10
Eureka Finstock Pvt.Ltd.	105.73	105.74
Gitanjali Brands Ltd.	400.00	400.00
Gitanjali Exports Corporation Ltd.	1,335.67	2,247.91
Gitanjali Holdings Limited	0.03	0.03
Gitanjali Infratech Ltd.	291.75	357.06
Gitanjali Jewellery Retail Pvt. Ltd.	864.36	864.45
Gitanjali Lifestyle Ltd.	1,568.66	1,568.66
Gitanjali USA Inc.	0.91	0.91
Hyderabad Gems Sez Ltd.	854.68	907.06
Mehul Impex Ltd.	353.64	430.14
MMTC Gitanjali Pvt.Ltd.	23.12	75.59
MobileNXT Teleservices Pvt Ltd.	0.03	0.03
Modali Gems Pvt.Ltd.	0.29	0.29
Mohar Jewels Ltd.	4.03	4.78
Bezel India Pvt.Ltd.	0.07	0.07
Nashik Multi Services Sez Ltd.	81.21	81.41
Raigad Gems Sez Limited	0.00	-
Salasar Retail Ltd.	0.56	7.72
Spectrum Jewellery Ltd.	35.50	35.64
Tri Star	25.44	25.44

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

The above statement excludes :

Rs. 5.64 millions advanced to the subsidiary companies by way of trade advance

- 2.21 a) The Company is in the process of identifying enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.
- b) To the extent information available with the Company, the Company does not owe any sum to small scale industrial unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951.

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

As per our report of even date For FORD, RHODES, PARKS & CO. Chartered Accountants Firm Reg. No.: 102860W	For and on behalf of the Board		
A. D. SHENOY Partner M. No. 11549	MEHUL C. CHOKSI Managing Director	DHANESH SHETH Director	PANKHURI WARANGE Company Secretary
Place : Mumbai Date : 27 th May, 2011			

Annexure-I

Information required pursuant to Paras 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

A) DIAMONDS

(Rs. in Millions)

		2011			2010	
		Qty.	Rupees		Qty.	Rupees
i) Opening Stock						
Diamonds	Cts.	1,162,991.480	7,099.02	Cts.	1,151,445.080	6,619.79
Watches		541.000	1.73			
Silver Plated Items		4,013.000	16.55			
ii) Closing Stock						
Diamonds	Cts.	1,981,996.160	10,476.24	Cts.	1,162,991.480	7,099.02
Watches	Pcs.	-	-	Pcs.	541.000	1.73
Silver Plated Items	Pcs.	-	-		4,013.000	16.55
iii) Sales						
Diamonds	Cts.	3,463,772.890	32,941.59	Cts.	2,441,359.860	21,582.81
Watches	Pcs.	29,736.000	61.10	Pcs.	7,991.000	15.75
Silver Plated Items		4,013.000	18.38		-	-
Display Material		-	3.52		-	-
iv) Purchases						
Diamonds	Cts.	5,910,316.310	33,416.34	Cts.	3,229,397.010	20,383.70
Watches	Pcs.	29,195.000	18.82	Pcs.	8,532.000	13.90
Silver Plated Items	Pcs.	-	-		4,013.000	16.55
Display Material		-	2.47			
v) Inter Division Diamond Transferred	Cts.	31,807.850	378.89	Cts.	29,815.090	467.37
Inter Division Diamond Received	Cts.	338.250	3.85		3,290.550	38.46
Repairing Loss	Cts.	1,237.000	-	Cts.	352.300	-
vi) Manufactured						
Polished Diamonds	Cts.	865,412.870	15,024.20		388,144.440	6,619.47
Rough Rejection Diamonds	Cts.	149,522.350	12.53		62,158.480	4.95
vii) Consumption-Rough Diamonds / Jewellery						
Imported	5%	242,112.010	662.81	6%	230,752.040	408.58
Indigenous	95%	2,367,655.350	13,103.22	94%	969,164.790	6,080.62
	100%	2,609,767.360	13,766.03	100%	1,199,916.830	6,489.20
Yield %		33.16%			32.35%	
viii) Value of Import on CIF Basis						
Diamonds			17,694.60			14,854.93
			17,694.60			14,854.93
ix) Expenditure in Foreign Exchange						
Foreign Travelling			18.81			8.03
Others			28.35			23.69
			47.16			31.72
x) Earnings in Foreign Exchange						
FOB Value of Exports			30,298.04			19,449.31
			30,298.04			19,449.31

Annexure-I

Information required pursuant to Paras 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

	GOLD 24KT Stated in the form of .995 Gold (Gms.)		GOLD (MOUNTINGS) 10 KT .995 Gold (Gms.)		ALLOYS (Gms.)		DIAMONDS (Cts.)		PRE. & SEMI STONES & PEARLS (Cts.)	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
a) Opening Stock										
TOTAL QTY.	41,715.57	96,927.47	2,383.97	1,366.55	191,571.81	213,358.41	14,443.76	20,591.78	113,904.17	65,443.26
TOTAL RS.	67.09	129.13	3.28	1.43	1.36	1.80	199.54	237.42	51.41	12.04
b) Purchases (Net) *****										
TOTAL QTY.	1,974,027.47	1,357,015.44	7,491.44	1,017.42	470,140.64	409,328.06	47,204.15	31,545.08	1,908,075.36	951,586.07
TOTAL RS.	3,878.98	2,191.82	15.49	1.84	4.53	2.19	1,154.46	636.83	1,375.73	836.41
c) Consumed in Production										
TOTAL QTY.	146,897.07	438,945.83	1,977.35	-	393,582.39	374,195.94	47,147.14	62,555.37	1,750,607.87	795,798.34
TOTAL RS.	266.99	647.69	3.81	-	3.14	3.28	1,207.81	1,065.36	1,284.06	741.87
d) Sales during the year										
TOTAL QTY.	1,830,241.82	1,041,399.17	-	-	23,371.64	33,286.23	10,942.30	4,034.60	116,751.61	140,717.20
TOTAL RS.	3,603.40	1,672.77	-	-	0.14	0.20	149.11	60.23	70.33	73.87
e) Adjustment during the year										
TOTAL QTY.	-	68,117.66	-	-	-	(23,632.49)	1,929.93	28,896.87	-	33,390.38
TOTAL RS.	-	66.61	-	-	-	0.85	79.07	450.87	-	18.71
f) Cl. Stock Raw Form										
TOTAL QTY.	33,677.40	35,105.27	7,898.06	2,383.97	235,063.87	191,059.20	2,782.66	10,802.10	153,957.20	113,375.85
TOTAL RS.	65.70	55.85	14.96	3.28	2.54	1.36	38.61	149.23	72.48	51.21
W.I.P.										
TOTAL QTY.	4,926.75	6,610.30	-	-	9,694.55	512.61	2,705.74	3,641.66	662.85	528.32
TOTAL RS.	9.98	11.25	-	-	0.08	-	37.54	50.31	0.28	0.21

Annexure-I

Information required pursuant to Paras 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

	(Rs. in Millions)												
	SYNTHETIC STONES (Cts.)		PLATINUM (Gms.)		PLATINUM (950) (Gms.)		COLOUR STONE/C.Z./ PEARL (Cts.)		Silver (Gms.)		STEEL (Gms.)		
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
B) RAW MATERIAL CONSUMED/TRADING GOODS													
a) Opening Stock													
TOTAL QTY.	41,860.34	40,646.81	4,681.61	4,680.12	-	-	41,209.27	41,209.27	15,720.30	106,208.67	-	8,824.00	
TOTAL RS.	5.84	4.28	6.21	6.21	-	-	27.13	27.13	0.58	3.53	-	5.88	
b) Purchases (Net) *****													
TOTAL QTY.	12,552.91	23,852.36	-	1.49	-	-	-	-	443,302.28	45,259.27	-	-	
TOTAL RS.	1.55	5.97	-	-	-	-	-	-	19.60	1.88	-	-	
c) Consumed in Production													
TOTAL QTY.	15,440.79	22,638.83	-	-	-	-	41,209.27	41,209.27	386,971.14	190,794.72	-	8,824.00	
TOTAL RS.	2.31	4.41	-	-	-	-	27.13	27.13	16.75	6.46	-	5.88	
d) Sales during the year													
TOTAL QTY.	-	-	-	-	-	-	-	-	9,055.21	-	-	-	
TOTAL RS.	-	-	-	-	-	-	-	-	0.27	-	-	-	
e) Adjustment during the year													
TOTAL QTY.	-	-	-	-	-	-	-	-	-	55,047.08	-	-	
TOTAL RS.	-	-	-	-	-	-	-	-	-	1.63	-	-	
f) Cl. Stock Raw Form													
TOTAL QTY.	32,762.92	38,171.99	593.57	593.57	-	-	-	-	52,380.94	8,104.01	-	-	
TOTAL RS.	4.26	5.32	0.85	0.85	-	-	-	-	2.72	0.29	-	-	
W.I.P.													
TOTAL QTY.	6,209.54	3,688.35	4,088.04	4,088.04	-	-	-	-	10,615.29	7,616.29	-	-	
TOTAL RS.	0.81	0.51	5.36	5.36	-	-	-	-	0.44	0.28	-	-	

Annexure-I

Information required pursuant to Paras 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

(Rs. in Millions)

	PALADIUM (Gms.)		PLATINUM MOUNTING (Gms.)		TOTAL Rs.	
	2011	2010	2011	2010	2011	2010
a) Opening Stock						
TOTAL QTY.	209.77	-	82.25	82.25	426,573.55	599,338.59
TOTAL RS.	0.11	-	0.04	0.04	335.46	428.89
b) Purchases (Net) *****						
TOTAL QTY.	-	2,146.22	-	-	4,862,794.25	2,821,751.41
TOTAL RS.	-	1.15	-	-	6,450.34	3,678.09
c) Consumed in Production						
TOTAL QTY.	-	1,936.45	-	-	2,742,623.75	1,936,898.75
TOTAL RS.	-	1.04	-	-	2,784.87	2,503.12
d) Sales during the year						
TOTAL QTY.	-	-	-	-	1,990,362.58	1,219,437.20
TOTAL RS.	-	-	-	-	3,823.25	1,807.07
e) Adjustment during the year						
TOTAL QTY.	-	-	-	-	1,929.93	161,819.50
TOTAL RS.	-	-	-	-	79.07	538.67
f) Cl. Stock Raw Form						
TOTAL QTY.	209.77	209.77	82.25	82.25	519,408.64	399,887.98
TOTAL RS.	0.11	0.11	0.04	0.04	202.27	267.54
W.I.P.						
TOTAL QTY.	-	-	-	-	38,902.76	26,685.57
TOTAL RS.	-	-	-	-	54.49	67.92

Annexure-I

Information required pursuant to Paras 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

C) FINISHED GOODS

(Rs. in Millions)

	2011	2010
a) Opening Stock		
TOTAL QTY. (gms.)	146,175.02	175,480.47
TOTAL RS.	435.51	527.16
b) Jewellery - Manufactured		
TOTAL QTY. (gms.)	1,278,992.14	1,717,478.91
TOTAL RS.	2,787.47	2,481.52
c) Jewellery - Purchased		
TOTAL QTY. (gms.)	1,276,301.38	1,440,222.11
TOTAL RS.	8,870.30	6,764.42
d) Jewellery - Sold		
TOTAL QTY. (gms.)	2,494,648.70	3,079,152.92
TOTAL RS.	13,835.84	10,939.57
e) Jewellery - Division Transfer		
TOTAL QTY. (gms.)	-	107,853.54
TOTAL RS.	-	88.20
f) Closing Stock		
TOTAL QTY. (gms.)	206,819.84	146,175.02
TOTAL RS.	316.21	435.51

Annexure-II

Segmentwise Reporting Revenue, Results and Capital Employed for the year ended 31st March, 2011

(Rs. in Millions)

Particulars	Audited For Year Ended 31 st March, 2011	Audited For Year Ended 31 st March, 2010
Primary Segment (By Business Segment)		
1. Segment Revenue		
a. Segment - Diamond	33,766.02	21,439.24
b. Segment - Jewellery	17,844.26	12,626.59
Total	51,610.28	34,065.83
Less: Inter Segment sales	385.56	516.13
Net Sales	51,224.72	33,549.70
2. Segment Results		
Profit/(Loss) before Tax and interest from each segment		
a. Segment - Diamond	1,430.08	700.65
b. Segment - Jewellery	1,916.02	1,519.60
Total	3,346.10	2,220.25
Less:		
Interest	1,003.44	1,011.14
Other un-allocable expenses	53.01	(284.45)
Profit Before Tax	2,289.65	1,493.56
3. Capital Employed		
a. Segment - Diamond	7,462.03	6,337.04
b. Segment - Jewellery	5,371.12	4,631.01
c. Unallocated net assets	9,732.12	9,514.76
Capital Employed	22,565.27	20,482.81
B) Secondary Segment (By Geographical Segment)		
Segment Revenue		
India	20,589.33	15,617.12
Rest of the world	30,635.39	17,932.58
Revenue	51,224.72	33,549.70

Annexure-III

Related Party Disclosures as per AS 18.

(A) PARTICULARS OF ENTERPRISES CONTROLLED BY THE COMPANY WHERE THERE ARE TRANSACTIONS

NAME OF RELATED PARTY	RELATIONSHIP
Mehul Impex Ltd.	Subsidiary
Gitanjali Exports Corporation Ltd.	Subsidiary
CRIA Jewellery Pvt. Ltd.	Subsidiary
Gitanjali Brands Ltd.(Formerly Known as Fantasy Jewellery Pvt. Ltd.)	Subsidiary
Hyderabad Gems SEZ Ltd.	Subsidiary
Shubalavanyaa Jewel crafts Pvt.Ltd.	Subsidiary
Asmi Jewellery India Ltd. (Formerly known as Asmi Jewellery India Private Ltd.)	Subsidiary
Gili India Ltd.	Subsidiary
Gitanjali Infratech Ltd.	Subsidiary
Gitanjali Lifestyle Ltd.	Subsidiary
Gitanjali Jewellery Retail Pvt. Ltd.	Subsidiary
D'Damas Jewellery (India) Pvt. Ltd.	Subsidiary
Brightest Circle Jewellery Ltd. (Formerly known as Brightest Circle Jewellery Pvt. Ltd.)	Subsidiary
Raigad Gems SEZ Ltd.	Subsidiary
Aurangabad Gems SEZ Ltd.	Subsidiary
Nanded Gems SEZ Ltd.	Subsidiary
Nashik Multi Services SEZ Ltd.	Subsidiary
Mohar Jewels Ltd.	Subsidiary
West Bengal SEZ Ltd.	Subsidiary
Gitanjali Ventures DMCC	Subsidiary
Samuels Jewelers Inc. USA	Subsidiary
Gitanjali USA Inc.	Subsidiary
Gitanjali Retail Ventures Ltd.	Subsidiary
Gitanjali Holdings Ltd.	Subsidiary
MMTC Gitanjali Pvt. Ltd.	Subsidiary
Decent Securities & Finance Pvt. Ltd.	Subsidiary
Eureka Finstock Pvt.Ltd.	Subsidiary
Nagpur Multi Product SEZ Ltd.	Subsidiary
Modali Gems Pvt. Ltd.	Subsidiary
Bezel India Pvt.Ltd.	Subsidiary
Spectrum Jewellery Ltd. (Formerly known as Spectrum Jewellery Pvt.Ltd.)	Subsidiary
N and J Finstocks Pvt. Ltd.	Subsidiary
Gitanjali Resources	Subsidiary
Giantti Italia SRL	Subsidiary
Tri-Star Worldwide LLC	Step Down Subsidiaries
Trinity Expositions Pvt. Ltd.	Step Down Subsidiaries
Lucera Retail Venture Pvt. Ltd.	Step Down Subsidiaries
Kolkata Axis Malls Ltd.	Step Down Subsidiaries
Hoop Retail Ventures Pvt. Ltd.	Step Down Subsidiaries
MobileNXT Teleservices Pvt. Ltd.	Step Down Subsidiaries
Alliance Jewelleries Pvt. Ltd.	Step Down Subsidiaries
Salasar Retail Ltd.	Step Down Subsidiaries
Diamlink Inc	Step Down Subsidiaries
Diamlink Jewellery Inc	Step Down Subsidiaries
Jewelry Marketing Company LLC	Step Down Subsidiaries
LJOW Holdings, LLC	Step Down Subsidiaries
Mannat Jewellery Manufacturing Pvt.Ltd	Step Down Joint Venture

Annexure-III

Related Party Disclosures as per AS 18.

	NAME OF RELATED PARTY	RELATIONSHIP
(B)	PARTICULARS OF KEY MANAGEMENT PERSONNEL	
	Mehul C. Choksi	Managing Director
	Dhanesh V.Sheth	Director
	Sujal Shah	Director
	S.Krishnan	Director
	Nehal Modi	Director
	Nitin Potdar	Director
(C)	PARTICULARS OF ENTERPRISES UNDER COMMON CONTROL OF THE KEY MANAGEMENT PERSONNEL WHERE THERE ARE TRANSACTIONS	
	NAME OF RELATED PARTY	
	Audarya Investments Pvt. Ltd.	
	Priyanka Gems Pvt. Ltd.	
	Partha Gems L.L.P.	
	Lustre Manufacturers Pvt. Ltd.	
	Gitanjali Realtors Pvt. Ltd.	
	Rohan Diamonds Pvt. Ltd.	
	Trans Expo Trade Pvt. Ltd.	
	Gitanjali Gold & Precious Ltd.	
	Touchstone	
	Diamond Creations	
	Prism Bullion Pvt.Ltd	
	Mast Jewellery Distributions Private Limited	
(D)	PARTICULARS OF ENTERPRISES CONTROLLED BY RELATIVES OF KEY MANAGEMENT PERSONNEL WHERE THERE ARE TRANSACTIONS	
	Diminco N.V.	
	Ivida Technologies Pvt. Ltd.	
(E)	PARTICULARS OF RELATIVES OF KEY MANAGEMENT PERSONNEL WHERE THERE ARE TRANSACTIONS	
	Guniyal C. Choksi	
	Priti M.Choksi	

Annexure-III

Related Party Disclosures as per AS 18.

		(Rs. in millions)
(F)	PARTICULARS OF TRANSACTIONS WITH PARTIES REFERRED TO IN (A) ABOVE	
	Purchases	1,236.26
	Purchases Return	82.67
	Labour Charges Paid	1.71
	Sales	13,220.12
	Sales of Fixed Assets	2.76
	Interest Received	8.63
	Sales Return	0.67
	Sales Incentives	12.75
	Labour Charges received	14.34
	Advances given(Net)	2,337.65
	Advances given received back	66.90
	Advance Received(Net)	462.20
	Investments	673.87
	Loss On Investments	0.82
	Reimbursement of Expenses	29.71
	Expenses Recovered	273.15
	Rent Received	1.46
	Rent Paid	12.00
	Amount outstanding shown under Sundry Creditors	15.96
	Amount outstanding shown under Sundry Debtors	1,606.16
	Amount outstanding shown under Advance to Subsidiary Company	6,156.31
	Amount outstanding shown under Advance from Customer	684.87
	Amount outstanding shown under Advance to Supplier	1.42
	Corporate Guarantees given to the bankers for Letter of Credit facility	18,478.70
(G)	PARTICULARS OF TRANSACTIONS WITH PARTIES REFERRED TO IN (B) ABOVE	
	Salary and other payments	4.80
	Loan taken	38.23
	Loan returned	21.71
	Amount outstanding shown under Unsecured Loans from Director	15.90
	Guarantees obtained for working capital borrowings from bankers to the extent of working capital borrowings.	
(H)	PARTICULARS OF TRANSACTIONS WITH PARTIES REFERRED TO IN (C) ABOVE	
	Sales	83.37
	Labour Charges Paid	21.15
	Advances given(Net)	3.46
	Advances given received back	195.20
	Advances received	60.97
	Expenses Reimbursement	0.18
	Expenses Recovered	0.33
	Amount Outstanding Shown Under Sundry Debtors	22.49
	Amount outstanding shown under Advances to Suppliers	64.84
	Amount outstanding shown under Advances from Customer	60.97
(I)	PARTICULARS OF TRANSACTIONS WITH PARTIES REFERRED TO IN (D) ABOVE	
	Sales	905.83
	Purchases	709.53
	Purchases of Fixed Assets	0.84
	Expenses Reimbursement	3.68
	Amount outstanding shown under Advances to Suppliers	8.14
	Amount Outstanding Shown Under Sundry Creditors	726.04
(J)	PARTICULARS OF TRANSACTIONS WITH PARTIES REFERRED TO IN (E) ABOVE	
	Loan Return	0.22

Balance Sheet Abstract

and general business profile

1. Registration Details			
Registration No.	:	<input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/>	State Code : <input type="text" value="1"/> <input type="text" value="1"/>
Balance Sheet Date	:	<input type="text" value="3"/> <input type="text" value="1"/> / <input type="text" value="0"/> <input type="text" value="3"/> / <input type="text" value="1"/> <input type="text" value="1"/>	(Rs. in Thousands)
		Date Month Year	
2. Capital raised during the year			
Public Issue	:	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement : <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	:	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Right Issue : <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Conversion of FCCB	:	<input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/>	
3. Position of Mobilisation And Deployment Of Funds			
Total Liabilities	:	<input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="8"/>	Total Assets : <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="8"/>
Sources of Funds			
Paid-up Capital	:	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="6"/>	Reserves & Surplus : <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="8"/>
Share Warrants	:	<input type="text" value="-"/>	Deferred Tax Liability : <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="7"/>
Secured Loans	:	<input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>	Unsecured loans : <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/>
Application of Funds			
Net Fixed Assets	:	<input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="9"/>	Investments : <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="5"/>
Net Current Assets	:	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="4"/>	Deferred Tax Assets : <input type="text" value="-"/>
4. Performance Of Company			
Turnover Incl. other income	:	<input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="9"/>	Total Expenditure : <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="6"/>
Net Profit Before Tax	:	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="3"/>	Net Profit after Tax : <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="0"/>
Earning per share in (Rs)	:	<input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="6"/>	Dividend Rate : <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/> <input style="font-size: small; vertical-align: middle; margin-left: 5px;" type="text" value="%"/>
5. Generic Names of Principal Products/Services of Company			
Item Code No	:	<input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description
	:	<input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/>	Rough Diamonds
	:	<input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	Polished Diamonds
	:	<input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Gold
	:	<input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/>	Silver
	:	<input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/>	Gold Jewellery

For and on behalf of the Board

Place : Mumbai
Date : 27th May, 2011

MEHUL C. CHOKSI
Managing Director

DHANESH SHETH
Director

PANKHURI WARANGE
Company Secretary

Statement

Pursuant to Section 212(8) of the Companies Act, 1956 Relating to Subsidiary companies for the year ended 31st March, 2011

Name of Subsidiaries	(Rs. in millions)										
	Salasar Retail Ltd.	MobileNX Tele services Pvt. Ltd.	MobileNX Tele services Pvt. Ltd.	MMTC Gitanjali Pvt. Ltd.	Gitanjali Jewellery Retail Pvt. Ltd.	Samuels Jewelers, Inc.	Gitanjali USA, Inc.	Worldwide LLC	Tri-star	Diamlink & Subsidiaries*	Gitanjali Ventures DMCC
Particulars											
Reporting Currency	INR	INR	INR	INR	INR	USD	USD	USD	USD	USD	USD
Exchange Rate						44.60	44.60	44.60	44.60	44.60	44.60
Capital	240.69	33.07	96.40	96.40	10.00	4,028.21	728.45	63.97	619.90	441.32	441.32
Reserves	(218.60)	(19.32)	(7.74)	(7.74)	(14.66)	(2,075.50)	17.56	(52.16)	97.86	2,307.86	2,307.86
Total Assets	109.65	13.76	88.66	88.66	(3.41)	4,014.28	746.01	193.42	2,312.53	3,522.25	3,522.25
Total Liabilities	109.65	13.76	88.66	88.66	(3.41)	4,014.28	746.01	193.42	2,312.53	3,522.25	3,522.25
Details of Investments (Except investment in Subsidiaries)	-	0.04	-	-	0.25	-	-	-	-	-	27.31
Turnover	179.25	6.02	300.27	300.27	2,107.18	5,977.71	-	420.00	4,483.51	4,166.06	4,166.06
Profit before Taxation	(140.60)	(33.75)	0.34	0.34	7.53	(328.72)	(3.20)	(19.80)	19.83	655.31	655.31
Provision for Taxation	0.03	-	0.28	0.28	(2.01)	(101.32)	4.50	-	2.54	-	-
Profit after Taxation	(140.63)	(33.75)	0.06	0.06	9.54	(227.41)	(7.70)	(19.80)	17.29	655.31	655.31
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-

Name of Subsidiaries	Gitanjali Infotech Ltd.	Hyderabad Gems SEZ Ltd.	Decent Securities & Finance Pvt. Ltd.	Eureka Finstock Pvt. Ltd.	Kolkata Axis Mall Ltd.	West Bengal SEZ Ltd.	Gitanjali Resources	Giantti Italia SRL	Nashik Multi Services SEZ Ltd.	Finstocks Pvt. Ltd.	N&J	Raigad Gems SEZ Ltd.
Particulars												
Reporting Currency	INR	INR	INR	INR	INR	INR	USD	EUR	INR	INR	INR	INR
Exchange Rate							44.60	63.24	0.66	0.50	0.10	0.50
Capital	500.00	0.50	0.50	0.50	0.50	0.50	2.23	0.66	0.50	0.03	0.03	0.50
Reserves	31.64	(19.54)	1.64	(4.84)	(0.50)	(0.50)	(5.98)	(19.58)	(0.74)	(2.03)	(0.22)	(0.22)
Total Assets	845.07	840.68	93.86	106.40	0.00	0.00	(3.75)	(18.92)	80.98	0.00	0.00	0.28
Total Liabilities	845.07	840.68	93.86	106.40	0.00	0.00	(3.75)	(18.92)	80.98	0.00	0.00	0.28
Details of Investments (Except investment in Subsidiaries)	100.00	-	94.27	106.65	-	-	-	-	-	-	-	-
Turnover	-	-	-	-	-	-	-	1.37	-	-	-	-
Profit before Taxation	(2.58)	19.73	0.56	(1.31)	(0.41)	(0.31)	(6.11)	(18.68)	(0.08)	(0.43)	-	(0.02)
Provision for Taxation	0.59	-	0.15	-	-	-	-	-	-	-	-	-
Profit after Taxation	(3.17)	19.73	0.41	(1.31)	(0.41)	(0.31)	(6.11)	(18.68)	(0.08)	(0.43)	-	(0.02)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

- Note: 1) *Represents consolidated figures of Diamlink Inc., Jewellery Marketing Company LLC and LJOV Holdings, LLC
 2) Gitanjali Holdings Limited is yet to commence its operations and hence figures not given.
 3) Aurangabad SEZ Limited, Nanded SEZ Limited and Nagpur Multi Product Services Ltd. were struck off under Easy Exit Scheme, 2011.
 4) Pink Jewellery Pvt. Ltd. (PJPL) and Alliance Jewellers Pvt. Ltd. (Alliance) have been merged with Brightest Circle Jewellery Limited (BCJL) vide Hon'ble Bombay High Court Order dated 15th April, 2011. Hence the figures of BCJL are shown after merging the accounts of PJPL and Alliance
 5) Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2011

Place: Mumbai

Date: 27th May, 2011

For and on behalf of the Board

MEHUL C. CHOKSI

Managing Director

DHANESH SHETH

Director

PANKHURI WARANGE

Company Secretary

Auditors' Report

The Board of Directors

Gitanjali Gems Limited

Mumbai

1. We have audited the attached Consolidated Balance Sheet of GITANJALI GEMS LIMITED (the Company) and its subsidiaries & joint ventures (entities together termed as the Gitanjali Group) as at 31st March, 2011, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free from material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries and Joint Venture companies whose financial statements reflect total assets of Rs. 2,466.47 millions as at 31st March, 2011 (Previous Year Rs. 8,500.67 millions), and total revenues Rs. 7,281.86 millions (Previous Year Rs. 7,614.46 millions) for the year ended on that date. These financial statements and other financial information have been subjected to audit by other auditors whose reports have been furnished to us. We have placed reliance on the said reports for the purpose of our opinion on the consolidated financial statements.
4. We have relied on the unaudited financial statements (Refer Schedule 18, Note 2.1(b)) of entities whose financial statements reflect total assets of Rs. 11,112.86 millions as at 31st March, 2011 (Previous Year Rs. 11,122.64 millions), total revenue of Rs. 15,058.22 millions (Previous Year Rs. 9,301.62 millions) for the year then ended. These unaudited financial statements of the entities, as approved by the Board of Directors, have been furnished to us by the Management and our report in so far as it relates to the amounts included therein, is based solely on such approved unaudited financial statements.
5. We report that the consolidated financial statements have been prepared by the management of the Company in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interest in Joint Ventures, notified by Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of the reports of other auditors on separate financial statements and also other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Gitanjali Group as at 31st March, 2011,
 - b) in the case of the Consolidated Profit and Loss Account, of the profit of the Gitanjali Group for the year ended on that date, and
 - c) in the case of Consolidated Cash Flow Statement, of the Consolidated cash flows of the Gitanjali Group for the year ended on that date.

For **Ford, Rhodes, Parks & Co.**

Chartered Accountants

Firm Registration No.102860W

A.D.Shenoy

Partner

Place : Mumbai

Dated : 27th May, 2011

Membership No.11549

Consolidated Balance Sheet

as at 31st March,

(Rs. in Millions)

	Schedule	2011		2010
I. SOURCES OF FUNDS :				
Shareholders' Funds				
Share Capital	1	848.72		842.70
Reserves and Surplus	2	24,447.81		21,122.47
			25,296.53	21,965.17
Minority Interest			502.39	483.05
Loan Funds				
Secured Loans	3	27,100.52		22,134.50
Unsecured Loans	4	3,372.90		3,818.36
			30,473.42	25,952.86
TOTAL			56,272.34	48,401.08
II. APPLICATION OF FUNDS :				
Fixed Assets				
Gross Block	5	3,468.05		3,272.57
Less : Depreciation		1,369.54		1,092.34
Net Block		2,098.51		2,180.23
Capital Work-in-Progress		952.29		626.06
			3,050.80	2,806.29
Goodwill on consolidation				
			650.47	907.20
Deferred Tax Asset (Net)				
			161.10	18.53
Investments				
	6		429.28	359.12
Current Assets, Loans & Advances				
Inventories	7	29,012.85		20,793.87
Sundry Debtors	8	40,195.20		32,309.31
Cash and bank balances	9	4,393.23		2,386.40
Loans and Advances	10	4,390.45		4,574.86
			77,991.73	60,064.44
Less : Current Liabilities and Provisions				
Current Liabilities	11	24,404.00		14,655.95
Provisions	12	1,607.04		1,098.73
			26,011.04	15,754.68
Net Current Assets				
			51,980.69	44,309.76
			56,272.34	48,400.90
Miscellaneous Expenditure				
(to the extent not written off or adjusted)	13		-	0.18
TOTAL			56,272.34	48,401.08
Significant Accounting Policies and Notes To Accounts	18			
Schedules 1 To 18 annexed hereto form part of the Balance Sheet and Profit & Loss Account				

As per our report of even date
For **FORD, RHODES, PARKS & CO.**
Chartered Accountants
Firm Reg. No.: 102860W

For and on behalf of the Board

A. D. SHENOY
Partner
M. No. 11549

MEHUL C. CHOKSI
Managing Director

DHANESH SHETH
Director

PANKHURI WARANGE
Company Secretary

Place : Mumbai
Date : 27th May, 2011

Consolidated Profit & Loss Account

for the year ended 31st March,

(Rs. in Millions)

	Schedule	2011		2010
INCOME				
Sales (Net)	14	94,564.02		65,276.34
Other Income	15	159.94	94,723.96	25.83
				65,302.17
EXPENDITURE				
Cost of Trading Goods / Material Consumed	16	81,993.53		55,252.84
Operating Expenses	17	6,427.41		5,632.22
Interest		2,087.20		1,724.31
Depreciation & Amortisation		563.72		445.41
			91,071.86	63,054.78
Profit Before Exceptional Item			3,652.10	2,247.39
Add: Exceptional Item			180.67	-
Profit Before Tax			3,832.77	2,247.39
Provision for Current Tax		404.13		244.20
Provision for Deferred Tax		(137.01)		(12.30)
			267.12	231.90
Profit after Tax (before adjustment for Consolidation)			3,565.65	2,015.49
Less: Minority Interest			17.54	13.78
Profit after Tax (after adjustment for consolidation)			3,548.11	2,001.71
Add: Balance brought forward from previous year				
i) Gitanjali Gems Ltd.		7,601.60		6,197.38
ii) Adjustment on account of consolidation		0.65		2.30
iii) Subsidiary Companies as at 31-3-2010		16.17		(19.98)
iv) Joint Venture as at 31-3-2010		-		(4.70)
			7,618.42	6,175.00
Amount Available for Appropriation			11,166.53	8,176.71
APPROPRIATIONS				
Capital Redemption Reserve		3.33		7.93
Debenture Redemption Reserve		250.00		250.00
General Reserve		230.00		120.00
Proposed Dividend on Equity Shares		254.61		168.54
Tax on Dividend		41.30		28.64
			779.24	575.11
Balance Carried to Balance Sheet			10,387.29	7,601.60
Basic Earnings per Share of face value of Rs. 10 each (Rs.)			41.81	23.73
Diluted Earnings per Share of face value of Rs. 10 each (Rs.)			35.95	20.35
(Refer Schedule 18, Note 2.9)				
Schedules 1 To 18 annexed hereto form part of the Balance Sheet and Profit & Loss Account				

As per our report of even date
For **FORD, RHODES, PARKS & CO.**
Chartered Accountants
Firm Reg. No.: 102860W

For and on behalf of the Board

A. D. SHENOY
Partner
M. No. 11549

MEHUL C. CHOKSI
Managing Director

DHANESH SHETH
Director

PANKHURI WARANGE
Company Secretary

Place : Mumbai
Date : 27th May, 2011

Consolidated Cash Flow Statement

as at 31st March,

	(Rs. in Millions)	
	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per Profit & Loss Account	3,832.77	2,247.39
Adjusted for:		
Depreciation, Amortisation & preliminary expenses written off	563.72	445.41
Provision for Bad Debts	96.76	26.76
Effect of Exchange Rate Change	(472.16)	(352.94)
Loss on sale of Fixed Asset	(3.21)	2.73
Dividend Received	(1.85)	(0.21)
Provision for Gratuity & Leave Encashment	16.76	2.99
Interest and Finance Charges - net	2,087.20	1,724.31
	sub-total	2,287.22
	6,119.99	4,096.44
Operating Profit before Working Capital Changes		
Adjusted for:		
Trade and Other Receivables	(8,532.22)	(3,750.99)
Inventories	(8,123.39)	(1,155.27)
Trade Payables & Other Liabilities	16,106.12	2,413.70
	sub-total	(549.49)
	(549.49)	(2,492.57)
Cash Generated from Operations	5,570.50	1,603.87
Taxes Paid	(313.81)	(230.08)
Net Cash generated from Operations	Total (A)	5,256.69
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets - net	(111.91)	(149.66)
Capital work-in-progress (incl. advance)	(429.01)	(8.77)
Investment in Subsidiaries / Joint Venture	(70.16)	(137.96)
Receipt of Dividend	1.85	0.21
Interest Income	25.61	-
Net Cash Used in Investing Activities	Total (B)	(583.62)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital	-	(7.93)
Increase in Share Premium	-	(84.01)
Minority Shareholders	-	6.63
Proceeds of Unsecured Loans	(292.47)	151.46
Dividend Paid including tax	(196.53)	(178.88)
Interest Paid	(2,176.37)	(1,603.85)
Net Cash from Financing Activities	Total (C)	(2,665.37)
Net Increase / (Decrease) in Cash & Cash Equivalents	Total (A+B+C)	2,007.70
Opening Balance of Cash & Cash Equivalents	2,386.40	2,972.00
Add: Adjustment on account of exchange rate	(0.02)	(15.03)
Add: Upon addition / exclusion of Subsidiaries / J.V.	(0.85)	68.40
	2,385.53	3,025.37
Closing Balance of Cash & Cash Equivalents	4,393.23	2,386.40

Certified that the above statement is in accordance with the requirements prescribed by SEBI.

- Note: 1) Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 of The Companies (Accounting Standards) Rules, 2006
- 2) Foreign Current exchange rate fluctuation includes exchange difference on account of translation of Foreign Subsidiary companies financial Statement.
- 3) Figures in bracket indicates outflows.
- 4) Previous year's figures have been restated and regrouped wherever necessary.

As per our report of even date
For **FORD, RHODES, PARKS & CO.**
Chartered Accountants
Firm Reg. No.: 102860W

For and on behalf of the Board

A. D. SHENOY
Partner
M. No. 11549

MEHUL C. CHOKSI
Managing Director

DHANESH SHETH
Director

PANKHURI WARANGE
Company Secretary

Place : Mumbai
Date : 27th May, 2011

Schedules

forming part of the balance Sheet as at 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 1 - SHARE CAPITAL		
Authorised :		
150,000,000 Equity shares of Rs. 10/- Each (Previous year 120,000,000 Equity Shares of Rs. 10/- each)	1,500.00	1,200.00
	1,500.00	1,200.00
Issued, Subscribed & Paid up :		
84,871,598 (Previous Year 84,270,000)Equity Shares of Rs. 10 each fully paid up	848.72	842.70
TOTAL	848.72	842.70

SCHEDULE 2 - RESERVES & SURPLUS		
Share Premium Account	12,153.23	12,026.90
General Reserve	700.00	470.00
Profit & Loss Account Balance	10,387.29	7,601.60
Capital Reserve on Consolidation	387.23	390.33
Exchange Fluctuation Reserve Account	(126.03)	(59.12)
Capital Redemption Reserve Account	11.26	7.93
Capital Reserve	312.00	312.00
Debenture Redemption Reserve Account	500.00	250.00
Revaluation Reserve Account	122.83	122.83
TOTAL	24,447.81	21,122.47

SCHEDULE 3 - SECURED LOANS		
Working Capital Loans From Banks / Financial Institution (Refer Schedule 18, Note 2.4)	25,828.52	20,884.17
Non Convertible Debentures	1,250.00	1,250.00
Others	22.00	0.33
TOTAL	27,100.52	22,134.50

SCHEDULE 4 - UNSECURED LOANS		
From Directors	15.89	13.94
From Shareholders	9.15	4.84
From Ex-partner of the erstwhile firm	8.28	8.28
From a Company	176.26	474.99
From Foreign Currency Convertible Bonds (Refer Schedule 18, Note-2.3)	3,163.32	3,316.31
TOTAL	3,372.90	3,818.36

Schedules

forming part of the balance Sheet as at 31st March,

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK		
	As at 31 st March, 2010	Additions/ Adjustments on account of Acquisition	Additions / Transfers	Deductions / Transfers	As at 31 st March, 2010	Additions / Adjustments on account of Acquisition	For the Year	Deductions / Transfers	As at 31 st March, 2010	As at 31 st March, 2011	
Freehold land	617.09	-	0.80	-	1.78	-	0.24	-	2.02	614.27	615.31
Factory Building	240.28	-	1.80	1.15	87.82	-	14.56	1.78	100.60	139.04	152.46
Office Premises	75.31	-	-	8.00	83.31	-	3.71	-	12.06	71.25	66.96
Plant & Machinery	289.33	106.25	1.90	21.83	415.51	0.44	34.03	(1.00)	178.33	237.18	146.47
Furniture & Fixture	505.56	2.73	30.80	50.11	203.52	1.42	42.92	11.18	236.68	290.92	302.04
Office Equipments	204.45	15.95	3.15	12.77	100.67	6.72	25.85	0.06	133.18	96.84	103.78
Computers	212.26	1.65	6.36	32.21	126.02	0.53	38.68	3.53	161.70	78.06	86.24
Vehicles	51.22	-	12.71	2.82	29.97	-	5.79	8.94	26.82	14.51	21.25
Electrical Fittings	1.71	-	0.13	-	0.88	-	0.12	0.13	0.87	0.71	0.83
Motor Boat	14.72	-	-	-	14.72	-	1.76	-	7.71	7.01	8.77
Inangible Assets	532.17	-	3.16	0.14	83.22	-	27.31	(0.35)	110.88	418.27	448.95
Leasehold Improvements	528.47	-	5.56	6.23	301.30	-	100.62	3.23	398.69	130.45	227.17
Sub-Total	3,272.57	126.58	66.37	135.26	1,092.34	9.11	295.60	27.51	1,369.54	2,098.51	2,180.23
Capital Work-in-Progress	626.06	-	101.82	428.05	-	-	-	-	-	952.29	626.06
TOTAL	3,898.63	126.58	168.19	563.31	1,092.34	9.11	295.60	27.51	1,369.54	3,050.80	2,806.29
Previous Year Figures	3,642.15	174.14	237.35	319.71	815.74	83.85	206.57	13.83	1,092.34	2,806.29	

Note: In the above, necessary regrouping is done to have meaningful presentation.

Schedules

forming part of the balance Sheet as at 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 6 - INVESTMENTS		
(I) Long Term Investment (Unquoted at cost)		
- In Affiliates		
2,315,220 Equity Shares of Rs. 10/- each of MobileNXT Teleservices Private Limited (Previous Year 2,315,220 Equity Shares)	23.15	23.15
10,000 Equity Shares of Rs. 10/- each of N&J Finstocks Private Limited (Previous Year Nil)	0.05	-
- In Others		
51 equity shares of Citizen Co-operative Bank of face value of Rs. 10 each fully paid-up. (Previous Year 51)	-	-
10,00,000 Equity Shares of Diamond India Limited (Previous Year : 10,00,000 Shares)	40.00	30.00
(II) In Equity Shares (Non - Traded)		
125 equity shares of Shoppers' Stop limited of Rs. 10 each fully paid-up. (Previous Year 125)	0.03	0.03
Gems London	4.19	-
(III) In Government Securities		
NSC (FV Rs. 10,000/- & 5,000/-) - under lien with Sales Tax authority	0.02	0.02
(IV) Other Investments		
Redeemable Non-Convertible bond with Indus Ind Bank	100.00	100.00
Shares of Laxmi Finance Leasing	-	0.01
Premises at 6, Laxmi Tower, B-wing, Mumbai	94.27	94.27
Premises at 3, Laxmi Tower, B-wing, Mumbai	106.64	106.64
Al Haseena	23.08	-
Damas Gems N Jewels (I) Pvt Ltd.	2.71	-
(V) Quoted Investments		
PNB - Principal Mutual Fund - MIP Plus (214,463.413 units. NAV as on 31.3.10 Rs. 2,443,146)	-	2.50
PNB -Principal Mutual Fund -Balance Fund (84,317.032 units. NAV as on 31.3.10 Rs. 2,519,393)	-	2.50
Baroda Pioneer PSU Equity Fund (559,284.116 Units. NAV as on 31.03.2011 Rs. 8.94)	5.00	-
Baroda Pioneer Liquid Fund (4,078.315 Units. NAV as on 31.03.2011 Rs. 1,701.683)	6.94	-
Reliance Money Manager Fund (5,793.50 Units. NAV as on 31.03.2011 Rs. 1,001.22)	5.80	-
SBI-SHF-Ultra Short Term Fund ((17,400,000 Units. NAV as on 31.03.2011 Rs. 10.006)	17.40	-
TOTAL	429.28	359.12

SCHEDULE 7 - INVENTORIES		
Raw Materials	13,303.47	7,600.95
Work In Process	109.10	162.65
Manufactured Goods / Trading Goods	15,491.00	13,009.90
Consumables, Stores & Tools	5.20	4.49
Props, Display Material and Boxes	2.96	2.56
Others	101.12	13.32
TOTAL	29,012.85	20,793.87

Schedules

forming part of the balance Sheet as at 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 8 - SUNDRY DEBTORS		
Unsecured, Considered Good unless and otherwise stated		
Outstanding for more than six months	11,107.24	15,186.95
Outstanding for more than six months considered doubtful	22.55	14.61
	11,129.79	15,201.56
Others	29,231.90	17,833.06
	29,231.90	17,833.06
Add : Exports Receivables Translation Control A/C	(119.33)	(634.96)
Less: Provision for doubtful debts	47.16	90.35
TOTAL	40,195.20	32,309.31

SCHEDULE 9 - CASH & BANK BALANCES		
Cash in hand	7.56	6.63
Balance with Scheduled Banks :		
in Current Accounts	648.38	550.38
in Fixed Deposits	3,728.62	1,829.04
in EEFC Account	8.67	0.35
TOTAL	4,393.23	2,386.40

SCHEDULE 10 - LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	1,589.04	2,091.14
Deposits	303.36	262.10
Income Tax	1,218.02	904.91
Service Tax Receivable	3.61	3.50
Staff Advances	32.69	31.03
Sales Tax / VAT / Excise Duty Receivable	76.19	64.25
Advance Payment - Statutory Dues	9.39	-
Prepaid Expenses	177.36	160.10
Other Receivables	53.03	148.24
Advances to Suppliers / Labourer	898.90	876.77
Share Application Money	28.86	32.82
TOTAL	4,390.45	4,574.86

Schedules

forming part of the balance Sheet as at 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 11 - CURRENT LIABILITIES		
Sundry Creditors *		
For Goods / Labour	19,019.46	10,197.17
For Other Expenses	2,956.50	2,724.82
For Other liabilities	255.78	24.26
Statutory Liabilities	88.11	91.72
Advance received from customers	1,218.52	412.43
Preference Share Capital	795.63	1,152.11
Franchisee Deposits	5.04	5.04
Interest accrued but not due on bank loans	38.94	51.69
Add/(Less): Import Payable Translation Control Account	26.02	(3.29)
TOTAL	24,404.00	14,655.95

*Note: There is no amount due and outstanding to Investor Education and Protection Fund and Small Scale Industrial Undertakings

SCHEDULE 12 - PROVISIONS		
Provision for Taxation	1,226.54	858.64
Provision for Fringe Benefit Tax	16.42	12.12
Provision for Gratuity / Leave Encashment	47.62	30.46
Proposed Dividend	254.87	168.80
Provision for Dividend Tax	41.96	28.64
Other Provisions	19.63	0.07
TOTAL	1,607.04	1,098.73

SCHEDULE 13 - MISC. EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary Expenses	-	0.18
TOTAL	-	0.18

Schedules

forming part of the Profit & Loss Account for the year ended 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 14 - SALES (NET)		
Exports (Including Deemed Exports)		
Diamonds	36,618.40	21,509.22
Jewellery	19,321.94	17,716.95
Others	20.09	-
	55,960.43	39,226.17
Local		
Diamonds	7,597.92	7,403.75
Jewellery	30,813.49	18,567.47
Others	192.18	78.95
	38,603.59	26,050.17
TOTAL	94,564.02	65,276.34
SCHEDULE 15 - OTHER INCOME		
Commission Received	0.04	-
Dividend Received	1.85	0.21
Labour & Job work charges	29.67	1.46
Rent Received	54.59	0.60
Interest on Income Tax Refund	0.28	-
Insurance Claim	15.16	-
Discount Received	0.03	0.07
Sundry Balance written back (Net)	5.72	1.26
Profit / (Loss) on Sale of Fixed Assets	3.21	1.40
Provision no longer required, written back	2.75	1.42
EEFC/Cont/Cryt/Bank Facility Exchange Difference	-	0.08
Miscellaneous Income	46.64	19.33
TOTAL	159.94	25.83
SCHEDULE 16 - COST OF TRADING GOODS / MATERIAL CONSUMED		
Opening Stock		
Diamonds	9,647.97	9,942.18
Bullion/Jewellery	10,836.85	10,446.29
Others	110.00	103.81
	20,594.82	20,492.28
Add: Purchases		
Diamonds	45,371.92	26,202.25
Bullion/Jewellery/Stones and Gold	42,071.79	28,886.11
Others	88.17	(6.33)
	87,531.88	55,082.03
Foreign Exchange Rate Difference - Imports	(3.24)	
Add: Labour Charges	2,398.50	1,288.46
	89,927.14	56,370.49
Less: Closing Stock		
Diamonds	16,170.37	9,914.97
Bullion/Jewellery	12,212.55	11,595.73
Others	145.51	99.23
	28,528.43	21,609.93
TOTAL	81,993.53	55,252.84

Schedules

forming part of the Profit & Loss Account for the year ended 31st March,

(Rs. in Millions)

	2011	2010
SCHEDULE 17 - OPERATING EXPENSES		
Payment to and Provision for Employees		
Salary, Bonus & Allowances	1,917.21	1,821.23
Contribution to P.F. & Other Funds	189.43	232.91
Staff Welfare	35.70	28.48
Staff Recruitment expenses	5.64	2.47
Leave Encashment	1.24	0.97
Gratuity	16.99	4.96
SUB-TOTAL (A)	2,166.21	2,091.02
Other Operating Expenses		
Stores Consumed	18.58	43.06
Rent, Rates & Taxes	1,150.27	1,156.18
Postage, Telephones & Communication charges	122.62	131.46
Bank Charges	512.27	451.41
E.C.G.C. Premium	29.02	24.87
Insurance	48.69	45.00
Printing & Stationery	18.40	21.66
Travelling & Conveyance	131.89	117.22
Packing Materials Consumed	10.58	25.53
Donation	40.26	14.85
Repairs & Maintenance - Building	3.36	3.89
Repairs & Maintenance - Others	51.68	50.29
Repairs & Maintenance - Plant & Machinery	2.50	1.16
Advertisement & Selling expenses	1,254.82	1,033.07
Octroi Charges	7.84	1.89
Legal, Professional And Service Charges	109.84	251.48
License Fees	0.68	0.82
Brokerage	94.91	15.81
Export Sales Expenses	25.35	10.13
Freight & Forwarding (Export)	43.86	38.25
Import Expenses	7.50	3.73
Auditor's Remuneration	7.91	7.45
Bad Debts / Advance written off / Sundry balances W/off	111.12	85.97
Training fees paid	3.19	-
Provision for Doubtful Debts	96.76	26.76
Deffered & Preliminary Expenses written off	0.10	-
Block Policy Premium	0.28	1.87
Books & Periodicals	0.01	0.07
EEFC/Cont/Cryt/Bank Facility Exchange Difference	(57.56)	(382.66)
Electricity	33.86	33.86
Motor Car Expenses	0.99	1.67
Membership & Subscription	2.34	3.83
Miscellaneous Expenses	324.11	273.16
Internet Charges	0.18	0.03
Interest on Statutory Liabilities	0.19	1.60
Sales Tax Asst. Dues	7.23	3.06
Security Service Charges	31.05	31.27
Computer and Related Expenses	14.34	10.81
Prior period Expenses (net)	0.18	0.69
SUB-TOTAL (B)	4,261.20	3,541.20
TOTAL	6,427.41	5,632.22

Schedules

forming part of the accounts for the year ended 31st March, 2011

SCHEDULE – 18

Significant Accounting Policies & Notes to Consolidated Accounts

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation of financial statements:

The Consolidated Financial Statements relate to Gitanjali Gems Limited and its subsidiaries and joint ventures (together referred to as the "Gitanjali Group"). The Consolidated Financial Statements are prepared under the historical cost convention on accrual basis of accounting to comply in all material respects with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules'), the relevant provisions of the Companies Act, 1956 ('the Act') and guidelines issued by Securities and Exchange Board of India (SEBI). The accounting policies have been consistently applied by the Group and the accounting policies not referred to otherwise are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP').

1.2 Principles of consolidation

- a) The Consolidated Financial Statements include the financial statements of Gitanjali Gems Ltd. (the Company) and all of its subsidiaries, which are more than 50% owned and controlled and as regards joint ventures its share of interest in joint venture which is accounted on the basis of proportionate line-by-line consolidation. All material inter-company accounts and transactions are eliminated on consolidation.
- b) The management has classified its foreign operations as non – integral. In translating financial statements of non integral foreign operation for incorporation in financial statements, components of financial statements of foreign subsidiaries are translated into Indian Rupees in accordance with the Accounting Standards AS 21 / AS 11 as notified by the Companies (Accounting Standards) Rules, 2006. Briefly stated:
 - i. All income and expenses are translated at the average rate of exchange prevailing during the year.
 - ii. Assets and Liabilities are translated at the rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
 - iii. The resulting exchange differences are accumulated in Exchange Fluctuation Reserve Account.
- c) The difference between the cost of investment and net worth at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be. In case of Goodwill, it is tested for impairment annually. In case where loss is in excess of the minority interest in the equity of the subsidiary, it is adjusted against the majority interest.
- d) Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interests share of net assets is presented separately in the balance sheet.

As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

1.3 Use of Estimates

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

1.4 Revenue Recognition

- a) Revenue on sale of products are recognised when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods. Sales are stated net of returns and net of sales tax and other taxes as applicable.
- b) Revenue is recognised only when it is reasonably certain that the ultimate collection will be made.
- c) Interest income is recognised when it is rationally certain of recovery and on time basis taking into account the amount outstanding and rate applicable. Interest is shown as net of interest expense.

1.5 Fixed Assets and Intangibles

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

1.6 Leases

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

Schedules

forming part of the accounts for the year ended 31st March, 2011

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

1.7 Impairment of Fixed Assets

The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value in accordance with AS 28. An impairment loss is determined by each company and charged to the respective Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.8 Depreciation and Amortisation of Fixed Assets

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

Leasehold Land is amortised over the period of the lease.

1.9 Investments

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

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

1.10 Borrowing Costs

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

1.11 Foreign Currency Transactions

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

1.12 Inventories

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

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

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1.13 Taxation

Tax expense for the year comprises of current income tax and deferred tax.

a) Indian Companies

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

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

b) Foreign Companies

Foreign companies recognise tax liabilities and assets in accordance with the applicable local laws.

1.14 Employee Benefits

The Company and its subsidiaries account for the gratuity benefits payable in future based on independent actuarial valuation. The liability is not funded except in the case of one subsidiary, where the liability is funded. The Company & its subsidiaries follow different assumptions as such the compilation would become unwieldy and for the sake of brevity details are not included in this schedule.

Leave encashment benefits are accounted as per respective company policy.

Contributions payable by the Company to the concerned government authorities in respect of provident fund, family pension fund and employees state insurance are charged to Profit and Loss account.

1.15 Earnings per Share

Earnings Per Share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

Dilutive EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares considered for deriving the basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential shares are deemed converted at the beginning of the year unless issued at later date.

1.16 Provisions, Contingent Liabilities and Contingent Assets

Contingent liabilities are not provided for and are disclosed by way of notes after careful evaluation by the management of the facts and legal aspects of the matters involved. Contingent assets are neither recognised nor disclosed in the financial statement.

2. NOTES TO ACCOUNTS

2.1 a) Companies considered in the Consolidated Financial Statement are as follows:

Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2011	Percentage of Ownership Interest as at 31-03-2010	Relationship
1 Asmi Jewellery India Limited (Formerly known as Asmi Jewellery India Private Limited)	India	100%	100%	Subsidiary
2 Bezel India Private Limited	India	100%	100%	Subsidiary
3 Brightest Circle Jewellery Limited (Formerly known as Brightest Circle Jewellery Private Limited)	India	100%	100%	Subsidiary
4 CRIA Jewellery Private Limited	India	100%	100%	Subsidiary
5 Decent Securities & Finance Private Limited	India	100%	100%	Subsidiary
6 Eureka Finstock Private Limited	India	100%	100%	Subsidiary
7 Gili India Limited	India	100%	100%	Subsidiary
8 Gitanjali Brands Limited (Formerly known as Fantasy Jewellery Private Limited)	India	100%	100%	Subsidiary
9 Gitanjali Exports Corporation Limited	India	100%	100%	Subsidiary
10 Gitanjali Infratech Limited	India	100%	100%	Subsidiary
11 Gitanjali Jewellery Retail Private Limited	India	100%	100%	Subsidiary

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Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2011	Percentage of Ownership Interest as at 31-03-2010	Relationship
12 Gitanjali Lifestyle Limited	India	100%	100%	Subsidiary
13 Gitanjali Retail Ventures Limited	India	100%	100%	Subsidiary
14 Hyderabad Gems SEZ Limited	India	100%	100%	Subsidiary
15 Mehul Impex Limited	India	100%	100%	Subsidiary
16 Modali Gems Private Limited	India	100%	100%	Subsidiary
17 Mohar Jewels Limited	India	100%	100%	Subsidiary
18 Nashik Multi Services SEZ Limited	India	100%	100%	Subsidiary
19 Raigad Gems SEZ Limited	India	100%	100%	Subsidiary
20 West Bengal SEZ Limited	India	100%	100%	Subsidiary
21 Spectrum Jewellery Limited(Formerly known as Spectrum Jewellery Private Limited)	India	99.60%	99%	Subsidiary
22 MMTC Gitanjali Private Limited	India	74%	74%	Subsidiary
23 D'Damas Jewellery (India) Private Limited	India	51%	51%	Subsidiary
24 Shubalavanyaa Jewel Crafts Private Limited	India	51%	51%	Subsidiary
25 Gitanjali USA, Inc.	USA	100%	100%	Subsidiary
26 Samuels Jewelers, Inc.	USA	100%	97%	Subsidiary
27 Gitanjali Ventures DMCC	UAE	100%	100%	Subsidiary
28 Gitanjali Resources	Belgium	100%	-	Subsidiary
29 Giantti Italia SRL	Italy	90%	-	Subsidiary
30 Alliance Jewelleries Private Limited	India	100%	100%	Step Down Subsidiary
31 Hoop Retail Ventures Private Limited	India	100%	100%	Step Down Subsidiary
32 Kolkata Axis Mall Limited	India	100%	100%	Step Down Subsidiary
33 Lucera Retail Venture Private Limited	India	100%	100%	Step Down Subsidiary
34 Pink Jewellery Private Limited	India	100%	50%	Step Down Subsidiary
35 Trinity Expositions Private Limited	India	100%	100%	Step Down Subsidiary
36 Salasar Retail Limited	India	95.94%	76%	Step Down Subsidiary
37 Tri-star Worldwide LLC	USA	100%	100%	Step Down Subsidiary
38 Diamlink Inc	USA	51%	51%	Step Down Subsidiary
39 Diamlink Jewellery Inc	USA	51%	51%	Step - Step Down Subsidiary
40 Jewelry Marketing Company LLC	USA	51%	51%	Step - Step - Step Down Subsidiary
41 LJOW Holdings, LLC	USA	51%	51%	Step - Step - Step Down Subsidiary
42 Diadem Ranka Desire Lifestyles Pvt. Ltd.	India	50%	50%	Step down Joint Venture
43 Mannat Jewellery Manufacturing Private Limited	India	50%	50%	Step Down Joint Venture

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

	Name of the Subsidiary Companies	Country of Incorporation	Relationship	Percentage of Ownership Interest as at 31-03-2011	Percentage of Ownership Interest as at 31-03-2010
1	Shubalavanyaa Jewel Crafts Private Limited	India	Subsidiary	51%	51%
2	Gitanjali USA, Inc.	USA	Subsidiary	100%	100%
3	Samuels Jewelers, Inc.	USA	Subsidiary	100%	97%
4	Gitanjali Ventures DMCC	UAE	Subsidiary	100%	100%
5	Giantti Italia SRL	Italy	Subsidiary	90%	-
6	Gitanjali Resources	Belgium	Subsidiary	100%	-
7	Tri-star Worldwide LLC	USA	Step Down Subsidiary	100%	100%
8	Diamlink Inc	USA	Step Down Subsidiary	51%	51%
9	Diamlink Jewellery Inc	USA	Step - Step Down Subsidiary	51%	51%
10	Jewelry Marketing Company LLC	USA	Step - Step - Step Down Subsidiary	51%	51%
11	LJOW Holdings, LLC	USA	Step - Step - Step Down Subsidiary	51%	51%
12	Diadem Ranka Desire Lifestyles Pvt. Ltd.	India	Step down Joint Venture	50%	50%

- c) Following are the companies which are not included in the consolidation being newly incorporated/acquired or as the management is of the opinion that on comparison of the assets and revenues of the Subsidiary/Joint Venture Companies as a percentage to the total consolidated assets and revenue of the Group is not material.
- MobileNXT Teleservices Private Limited, a step down subsidiary of (70% ownership interest) the Company incorporated in India.
 - Gitanjali Holdings Limited (GHL), a wholly owned foreign Subsidiary incorporated in UAE has not started any business activity in recent years and is in process of de-registration.
 - N&J Finstocks Private Limited, subsidiary of (100% ownership interest) the Company incorporated in India.
- d) Following are the companies whose name has been struck off from the Register of Companies and dissolved, under Easy Exit Scheme 2011 introduced by Ministry of Corporate Affairs vide circular No. 6 dated 3rd December, 2010:
- Aurangabad SEZ Limited
 - Nanded SEZ Limited
 - Nagpur Multi-Product Services SEZ Limited
- e) In respect of Thirteen subsidiaries and two Step down joint ventures considered in the aforesaid Consolidated Financial Statements the companies have negative net worth as on 31st March, 2011 and it is reported that the accounts of the said companies have been prepared on going concern basis.

- 2.2 a) During the year, the Company has invested in following companies:

- Salasar Retail Limited (SRL)**
During the year, the Company through one of its subsidiaries subscribed to 20,000,000 (Two Crore), 13.5% fully convertible unsecured debentures of Rs. 10/- each. These debentures were converted to 20,000,000 equity shares of Rs. 10/- each of SRL.
- Asmi Jewellery India Limited (ASMI)**
During the year, the Company subscribed to 400,000 equity shares of Rs. 10/- each at a premium of Rs. 540/- each.

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- iii. **MMTC Gitanjali Private Limited (MGPL)**
During the year, the Company subscribed to 5,246,600 equity shares of Rs. 10/- each at par.
 - iv. **Giantti Italia SRL**
During the year, the Company acquired 90% of paid up capital of the Company. Thus, Giantti Italia became subsidiary of the Company.
 - v. **Spectrum Jewellery Limited (SJL)**
During the year, the Company subscribed additional 30,000 equity shares of Rs. 10/- each.
 - vi. **Gitanjali Lifestyle Limited (GLL)**
During the year, the Company subscribed additional 22,950,000 equity shares of Rs. 10/- each.
 - vii. **N&J Finstocks Private Limited**
During the year Company has acquired 10,000 equity shares of Rs. 10/- each.
 - viii. **Gitanjali Resources**
During the year the Company has formed wholly owned subsidiary in Belgium as Gitanjali Resources. The Company as on 31st March, 2011 holds 100 common shares.
 - ix. **Pink Jewellery Private Limited (PJPL)**
During the year, the Company purchased additional 45,000 equity shares of Rs. 10/- each through one of its subsidiaries. Further, PJPL vide hon'ble Bombay High Court order dated 15th April, 2011 has been merged into Brightest Circle Jewellery Limited.
 - x. **Alliance Jewellery Private Limited (AJPL)**
During the year, the Company purchased 40,000 equity shares of Rs. 10/- each through one of its subsidiaries. Further, AJPL vide hon'ble Bombay High Court order dated 15th April, 2011 has been merged into Brightest Circle Jewellery Limited.
 - xi. **Diamond India Limited**
During the year Company has invested Rs. 10 millions towards the fourth call for 1,000,000 equity shares.
 - xii. **Samuels Jewelers Inc.**
During the year, Company has acquired remaining entire stake of Samuels and thus it became wholly owned subsidiary of the Company.
 - xiii. **Damas Gems N Jewels (I) Pvt Ltd**
One of the Subsidiary Company has given advance of Rs. 2.7 millions in earlier years for incorporation of the Company. However, no shares have been issued against the advances given above as Company has not commenced any business activity.
 - xiv. **Al Haseena**
During the year, one of the subsidiaries has paid Rs. 23.07 millions for new business venture.
 - xv. **Gems London**
During the year, one of the subsidiaries has paid Rs. 4.18 millions for acquisition of shares. However, the shares are yet to be transferred in the name of the subsidiary.
- b) **Quoted –**
During the year 2010-2011, the Company has invested in the following:
- i. 4,078,315 units of Baroda Pioneer Liquid Fund at a total cost of Rs. 6.94 millions. (Market Value as on 31st March, 2011 Rs. 6.94 millions)
 - ii. 559,284.116 units of Baroda Pioneer Equity PSU Fund at a total cost of Rs. 5.00 millions. (Market Value as on 31st March, 2011 Rs. 5.00 millions)
 - iii. 5,793.50 units of Reliance Money Manager Fund at a total cost of Rs. 5.80 millions. (Market Value as on 31st March, 2011 Rs. 5.80 millions)
 - iv. 17,400,000 units of SBI-SHF-Ultra Short Term Fund at a total cost of Rs. 17.40 millions. (Market Value as on 31st March, 2011 Rs. 17.40 millions)

2.3 Statement of utilisation of FCCB and GDR proceeds as on 31st March:

a) **Foreign Currency Convertible Bonds (FCCB)**

During the year, Company has fully utilised balance amount of USD 2.00 millions, towards its stated objects as per offering circular dated 21st November, 2006 and balance as on 31st March, 2011 is NIL.

Up to 31st March, 2009, the Company had converted USD 36.14 millions of FCCBs into 5,896,067 equity shares of Rs. 10/- each at an initial conversion price of Rs. 275/- per equity share. During the year 2008–09, the conversion price was adjusted and reset to Rs. 220/- per equity share as per terms and condition of Offering Circular dated 21st November, 2006 and any equity shares upon conversion would rank pari

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passu with existing share holders. During the year 2010 – 11, the Company has converted 6,01,598 equity shares of Rs. 10 each at an revised conversion price of Rs. 220/- per equity share and the outstanding FCCBs as on 31st March, 2011 amounted to USD 70.91 millions. Accordingly, the share capital is increased from 84,270,000 shares of Rs. 10 each to 84,871,598 shares of Rs. 10 each and also share premium has been credited with Rs. 126.34 millions on above account.

The FCCBs are due for redemption on 25th November, 2011 at premium of USD 4,205.20 per bond of USD 10,000. This premium on redemption of FCCBs is contingent in nature, as determination and crystallisation of the liabilities is dependent on future uncertain event or actions not holding within the control of the Company. The conversion of the bonds is possible till the last date. Thus there is uncertainty as to exact amount which will remain outstanding on the maturity date. Further the Company has also been advised that the premium payable on redemption of FCCBs could be adjusted against Share Premium Account. The Company has therefore not provided for premium upto 31st March, 2011 amounting to USD 25.42 millions (proportionate basis) based on outstanding FCCBs of USD 70.91 millions.

b) Global Depository Receipts (GDR's)

Out of the balance Global Depository Receipts (GDRs) proceeds of USD 2.215 millions as on 31st March, 2010, the Company utilised USD 2.149 millions towards investment in overseas and Indian subsidiaries and towards general corporate purposes including working capital requirements as per the objects of the issue. Pending utilisation, the balance proceeds of USD 0.066 millions have been kept in deposit accounts with overseas banks as on 31st March, 2011.

2.4 Secured Loans:

- a) Working capital borrowings from Banks/ financial institution of the Company and some of its subsidiaries are secured against hypothecation by way of a first/ pari passu charge on all the present and future goods, movable assets, vehicles, furniture, stock-in-trade, fixed deposits, book debts, mortgage by way of deposit of title deeds on certain immovable properties of the Company along with personal guarantee of the Director(s)/Corporate guarantees of the Company.
- b) On 22nd June, 2009, the Company issued 12% redeemable non cumulative convertible debentures of Rs. 1,250 millions to LIC of India. The tenor of Debentures is five years (maturity date: 21st June, 2014) and are redeemable in eight equal quarterly installments with initial moratorium of three years. The said debentures are secured by first pari passu charge over certain immovable properties in Hyderabad (A.P.) belonging to one of the wholly owned subsidiary. During the year, the Company has transferred Rs. 250 millions to Debentures Redemption Reserve (DRR) and cumulative balance in DRR account is Rs. 500 millions.

2.5 Sundry Debtors:

The Sundry debtors of two subsidiary companies as on 31st March, 2011 include dues of Rs. 112.90 millions Where suits have been filed / are in the process of filing suits for recovering. The management is of the opinion that debts are good and recoverable and no provision is considered necessary at this stage.

2.6 Exceptional Item:

During the year, a survey u/s. 133A of the Income Tax Act, 1961 was conducted by the Income Tax Department at one of the Subsidiary Company. The said subsidiary company declared a sum of Rs. 180.70 millions towards stock of goods. Appropriate entries have been passed in the books of accounts by the Company. The Company carries the inventory disclosed. The same has been shown under the head Exceptional items.

2.7 Amalgamation Note of Subsidiaries:

- a) During the year, 3 step-down subsidiaries namely Hoop Retail Ventures Pvt. Ltd., Trinity Expositions Pvt. Ltd. and Lucera Retail Venture Pvt. Ltd. have applied vide petition nos. 171, 172 and 173, to hon'ble Bombay High Court for amalgamation with Gitanjali Lifestyle Ltd. effective from 1st April, 2008. Pending receipt of order from hon'ble Bombay High Court, the scheme of amalgamation is not given effect to.
- b) During the year, 2 step-down subsidiaries namely Alliance Jewellery Private Limited and Pink Jewellery Private Limited (50% JV for part of the year) have applied vide petition nos. 71 and 72 to hon'ble Bombay High Court for amalgamation with one of the subsidiary Company namely Brightest Circle Jewellery Limited (BCJL). The hon'ble Bombay High court approved the scheme of amalgamation vide its order dated 15th April, 2011. The stand alone financial statements of the BCJL as at 31st March, 2011 have been prepared giving effect to the court order merging the accounts of its wholly owned subsidiaries effective 1st April, 2010.
- c) While preparing Consolidated Financial Statement (CFS) of the Company as at 31st March, 2011, no adjustment is given to proportionate share of the step down subsidiary i.e. Pink Jewellery Private Limited, as was considered in CFS for half year ended 30th September, 2010. Had the effect been given to the above in CFS as at 31st March, 2011, the revenue would have been Rs. 94,564.02 millions instead of Rs. 94,574.44 millions and the profit would have been Rs. 3,565.64 millions instead of Rs. 3,563.28 millions.

2.8 Contingent Liabilities not provided in respect of:

- a) Corporate Guarantees given by the Company for Working capital facilities availed by Subsidiary Companies to the extent of Rs. 18,478.70 millions (Previous Year Rs. 13,744.60 millions)
- b) Outstanding Letters of Credit: Rs. 1,131.73 millions (Previous Year Rs. 1,207.49 millions).
- c) Bank Guarantee given by Subsidiary companies: Rs. 29,763.90 millions (Previous Year Rs. 941.92 millions)

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- d) Disputed Income Tax: Rs. 254.68 millions (Previous Year Rs. 95.64 millions)
In case of one of the subsidiary, income tax assessments for 3 years are under appeal for disallowance of expenses. In view of the carried forward losses there is no income tax demand outstanding.
- e) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances given): Rs. 19.19 millions (Previous Year Rs. 14.40 millions)
- f) Pending F and C forms (Under Sales Tax regulation) Rs. 45.73 millions (Previous Year Rs. 85.55 millions)
- g) Guarantees given to Sales Tax authority Rs. 34.21 millions (Previous Year Rs. 1.87 millions)
- h) Guarantees given to Customs authority Rs. 0.82 millions (Previous Year Rs. 0.42 millions)
- i) Two of the subsidiaries have provided corporate guarantees to the extent of realisable value of the properties situated at B-6 and B-3, Laxmi Towers, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 favoring All Bank Finance Limited a security trustee for Allahabad Bank consortium to secure the credit facilities of the Company.
- j) Disputed Service Tax Rs. 65.03 millions (Previous year Rs. 451.53 millions). The Company has replied the show cause notice and based on the opinion received demand is not likely to be crystallised.
- k) In respect of subsidiary company, A suit has been filed in the District Munsif Court at Vannur, Villupuram District, Tamilnadu claiming possession of the Company's property situated at Vannur Karatti Village Villupuram District, Tamilnadu. The management is of the opinion that there will be no financial liability.

2.9 Earning per Share for the year ended 31st March:

Basic Earnings Per Share (after Tax Provision)

Particulars	(Rs. In Millions)	
	2011	2010
Net profit for the period attributable to Equity Shareholders	3548.11	2,001.71
Weighted average number of Equity Shares outstanding as at 31 st March (Nos.)	84,871,598	84,359,854
Basic earnings per share (Face value of Rs. 10 each) (Rs.)	41.81	23.73

Diluted Earnings Per Share (after tax Provision)

Net profit for the period attributable to Equity shareholders	3570.80	2,030.98
Weighted average number of Equity Shares outstanding (Nos.)	99,332,403	99,782,900
Diluted earnings per share (Face value of Rs. 10 each) (Rs.)	35.95	20.35

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2.10 Deferred tax Assets and Liabilities as on 31st March:

Particulars	(Rs. in Millions)	
	2011	2010
Deferred Tax Liability		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(14.47)	(13.23)
Others	-	(193.97)
Gross Deferred Tax Liability	(14.47)	(207.20)
Deferred Tax Asset		
Provision for Retirement Benefits / Doubtful Debts	12.83	8.07
Disallowance under Section 43B of I. T. Act	7.56	5.43
Disallowances under section 40(a)	0.00	0.02
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	116.64	7.22
On preliminary expenses not written off till the commencement of business as per Income Tax Act, 1961	1.25	1.24
Others	37.29	203.75
As per Note below*		
Gross Deferred Tax Asset	175.57	225.73
Net Deferred tax Asset/(Liability)	161.10	18.53

- * Note
- 1) The Gross Deferred Liabilities and Deferred Tax Asset is shown above. However the same is reported on net basis in the Consolidated Financial Statements.
 - 2) In case of twenty one subsidiaries and two step down joint ventures in the Financial Year 2010-11, due to losses incurred and in the absence of virtual certainty backed by convincing evidence, no deferred tax assets have been recognised. In case of one subsidiary, no additional provision is recognised by the Company on the timing difference arising on account of unabsorbed depreciation and carried forward business losses.

2.11 Segment Reporting (Accounting Standard 17)

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

2.12 Related Party transactions (Accounting Standard 18)

Refer to Annexure II

2.13 Impairment of Assets

As required by Accounting Standard – 28, the Company has carried out the assessment of impairment of assets. In case of one of the foreign subsidiary, goodwill of Rs. 273.06 millions has been charged off during the year. In respect of other consolidated entities, there has been no impairment of assets reported during the year.

2.14 Employee Benefits

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

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2.15 Disclosure of Foreign Currency Exposures:

The details of outstanding foreign currency exposure of the Group as at 31st March, 2011 are as under:

Particulars	(In Millions)	
	2010-11	2010-11
	USD	EURO
Debtors – covered by Forward Contract	86.23	
Debtors – uncovered	394.29	
Creditors – covered by Forward Contract	17.70	
Creditors – uncovered	202.49	0.00
Bank Balance – uncovered	0.07	
FCCBs – uncovered	70.91	
Advance to supplier - uncovered	0.00	
Advance from customers	2.03	
Bank Facility - uncovered	117.70	

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

2.16 Disclosure as per Accounting Standard 19 on “Leases”, issued by the ICAI, are given below:

- a) The Company has taken various office premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements.
- b) Lease payments are recognised in the Profit & Loss account under the head ‘Rent’.
- c) The future minimum lease payments as on 31st March, 2011 are as follows:
 - i. Not later than one year Rs. 800.07 millions (Previous year Rs. 709.30 millions)
 - ii. Later than one year and not later than five years Rs. 1,722.17 millions (Previous year Rs. 1,517.66 millions)
 - iii. More than five years Rs. 350.16 millions (Previous year Rs. 408.04 millions)

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

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

As per our report of even date
For **FORD, RHODES, PARKS & CO.**
Chartered Accountants
Firm Reg. No.: 102860W

A. D. SHENOY
Partner
M. No. 11549

Place : Mumbai
Date : 27th May, 2011

For and on behalf of the Board

MEHUL C. CHOKSI
Managing Director

DHANESH SHETH
Director

PANKHURI WARANGE
Company Secretary

Annexure-I

Consolidated Segmentwise Reporting Revenue, Results and Capital Employed for the year ended 31st March, 2011

		(Rs. in Millions)	
		2011	2010
A)	Primary Segment (By Business Segment)		
1	Segment Revenue		
	a) Segment - Diamond	47,958.57	31,976.11
	b) Segment - Jewellery	50,149.69	36,333.18
	c) Segment - Others	212.27	78.95
	Total	98,320.53	68,388.24
	Less: Inter Segment Revenue	3,756.51	3,111.90
	Net Sales / Income from Operations	94,564.02	65,276.34
2	Segment Results		
	Profit / (Loss) before tax and interest from each segment		
	a) Segment - Diamond	1,945.46	1,023.12
	b) Segment - Jewellery	4,245.89	2,739.18
	c) Others	(218.37)	(75.05)
	Total	5,972.98	3,687.25
	Less		
	Interest	2,087.20	1,724.31
	Other Un allocable expenses	53.01	(284.45)
	Total Profit Before Tax	3,832.77	2,247.39
3	Capital Employed		
	a) Segment - Diamond	10,260.43	9,485.27
	b) Segment - Jewellery	15,005.31	11,272.29
	c) Unallocated net assets	30.79	1,207.61
	Total	25,296.53	21,965.17
B)	Secondary Segment (By Geographical Segment)		
	Segment Revenue		
	India	38,603.59	26,050.17
	Rest of the world	55,960.43	39,226.17
	Total Revenue	94,564.02	65,276.34

Annexure-II

Consolidated Related Party Statement for the year ended 31st March, 2011

Related Party & Their Relationship	2011
1 Subsidiary Companies	
	Asmi Jewellery India Limited
	Bezel India Private Limited
	Brightest Circle Jewellery Limited
	CRIA Jewellery Private Limited
	D'Damas Jewellery (India) Private Limited
	Decent Securities & Finance Private Limited
	Eureka Finstock Private Limited
	Giantti Italia SRL
	Gili India Limited
	Gitanjali Brands Limited
	Gitanjali Exports Corporation Limited
	Gitanjali Holdings Limited
	Gitanjali Infratech Limited
	Gitanjali Jewellery Retail Private Limited
	Gitanjali Lifestyle Limited
	Gitanjali Resources
	Gitanjali Retail Ventures Limited
	Gitanjali USA, Inc.
	Gitanjali Ventures DMCC
	Hyderabad Gems SEZ Limited
	Mehul Impex Limited
	MMTC Gitanjali Private Limited
	MobileNXT Teleservices Private Limited
	Modali Gems Private Limited
	Mohar Jewels Limited
	N & J Finstocks Private Limited
	Nashik Multi Services SEZ Limited
	Raigad Gems SEZ Limited
	Samuels Jewelers, Inc.
	Shubalavanyaa Jewel Crafts Private Limited
	Spectrum Jewellery Limited
	West Bengal SEZ Limited
2 Key Management Personnel	Mr. Mehul C. Choksi
3 Enterprises under Common Control of Key Management Personnel	Audarya Investments Private Limited
	Diamond Creations
	Gitanjali Gold & Precious Limited
	Gitanjali Realtors Private Limited
	Legacy Gold Private Limited
	Lustre Manufacturers Private Limited
	Maitreyi Impex Private Limited
	Mast Jewellery Distributions Private Limited

Annexure-II (Contd.)

Consolidated Related Party Statement for the year ended 31st March, 2011

Related Party & Their Relationship	2011
	Partha Gems LLP
	Prism Bullion Private Limited
	Priyanka Gems Private Limited
	Rohan Diamonds Private Limited
	Touchstone
	Trans-Expo Trade Private Limited
4 Relative of Key Management Personnel	Mrs. Amita Bhansali
	Mrs. Guniyal C. Choksi
	Mrs. Neena Sheth
	Mrs. Priti M. Choksi
5 Enterprises Controlled by Relatives of Key Management Personnel	Diminco N.V.
	Ivida Technologies Private Limited
6 Enterprises Controlled by the Investing Venturer of the Joint Venture Company	Damas Jewellery LLC
7 Step Down Subsidiaries	Alliance Jewellers Private Limited
	Diamlink Inc
	Hoop Retail Ventures Private Limited
	Kolkata Axis Mall Limited
	Lucera Retail Venture Private Limited
	MobileNXT Teleservices Private Limited
	Pink Jewellery Private Limited
	Salasar Retail Limited
	Trinity Expositions Private Limited
	Tri-star Worldwide LLC
8 Step Step Down Subsidiaries	Diamlink Jewellery Inc.
	Jewelry Marketing Company LLC
	IJOW Holdings, LLC
9 Step Down Joint Ventures	Diadem Ranka Desire Lifestyle Private Limited
	Mannat Jewellery Manufacturing Private Limited

Annexure-II

Related Party Transactions

Relationship with the Company	Transaction with the Company	(Rs. in Millions)
Subsidiary Companies		
	Amount outstanding shown under Loans & Advances	1.40
	Loan Given	0.44
	Loan Taken	0.47
	Guarantee given to Bankers for Working Capital Credit Facilities.	18,478.70
Key Management Personnel		
	Amount Outstanding Shown under Unsecured Loans	16.11
	Loan Return	31.07
	Loan taken	38.23
	Salary & other Payments	4.80
	Sales	11.66
	Guarantee given for Working Capital borrowings to the banks / financial institution	To The extent of Borrowings
Enterprises under Common Control of Key management personnel		
	Advance Received (Net)	55.29
	Advances Given (Net)	52.68
	Amount outstanding shown under Advance to Labour	3.69
	Amount Outstanding Shown under Advance to Suppliers	264.54
	Amount Outstanding Shown under Advances from Customers	35.21
	Amount Outstanding Shown under Loans & Advances	3.79
	Amount Outstanding Shown Under Sundry Creditors	0.00
	Amount Outstanding Shown Under Sundry Debtors	22.86
	Amount Outstanding Shown under Unsecured Loans	178.37
	Expenses incurred	0.00
	Labour Paid	21.15
	Loan Return	6.97
	Loan taken	175.53
	Reimbursement of Expenses - Payable	0.18
	Reimbursement of Expenses - Receivable	0.33
	Sales	106.46
Relative of key management personnel		
	Amount Outstanding Shown Under Sundry Creditors	8.90
	Amount Outstanding Shown under Unsecured Loans	6.27
	Loan Return	0.44
	Sales	0.28

Annexure-II

Related Party Transactions

Relationship with the Company	Transaction with the Company	(Rs. in Millions)
Enterprises Controlled by relatives of Key Management Personnel		
	Amount Outstanding Shown Under Sundry Debtors	19.70
	Amount Outstanding Shown under Advance to Suppliers	8.14
	Loan Taken	0.50
	Advances Repaid	0.14
	Amount Outstanding Shown Under Sundry Creditors	820.44
	Expenses	0.14
	Purchase	854.53
	Purchase of Fixed Assets	1.30
	Sales	1,286.87
	Reimbursement of Expenses	3.68
	Services	0.28
Enterprise Controlled by the Investing Venturer of a Joint Venture Company		
	Amount Outstanding Shown Under Sundry Creditors	96.84
Enterprise Controlled by the Investing Venturer of a Step Down Joint Venture Company		
	Expenses	1.14
	Amount Outstanding Shown under Unsecured Loans	13.04
Step Down Subsidiaries		
	Sales Return	(9.55)
	Amount Outstanding Shown under Loans & Advances	16.69
	Amount Outstanding Shown under advance to Subsidiary co.	0.03
Step Down Joint Venture Company		
	Advance towards Share Capital	28.86
	Amount Outstanding Shown Under Sundry Creditors	21.98
	Amount Outstanding Shown under Loans & Advances	13.63
	Investment	2.50
	Expenses	0.55
	Purchase	31.85
	Sales	8.25
	Loan Repaid	3.39
Holding Company		
	Equitable Mortgage created by subsidiary company in favour of Holding Company to the extent of value of property	

GITANJALI GEMS LIMITED

Regd. Office: 801/802, Prasad Chambers, Opera House, Mumbai - 400 004

PROXY FORM

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

I/We _____ of _____ in the district of _____ being a Member / Members of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him / her _____ of _____ in the district of _____ as my / our proxy to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Monday, 26th September, 2011 at 3.00 P.M. and at any adjournment (s) thereof.

Signed this _____ day of _____ 2011.

Affix a
15 paise
revenue
stamp

Signature

*Applicable for investors holding shares in electronic form.

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

GITANJALI GEMS LIMITED

Regd. Office: 801/802, Prasad Chambers, Opera House, Mumbai - 400 004

ATTENDANCE SLIP

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

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Joint Shareholders may obtain additional Attendance Slip at the venue of the meeting.

Name : _____

Address : _____

I hereby record my presence at the 25th Annual General Meeting of the Company at M.C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400001 at 3.00 P.M on Monday 26th September, 2011.

Signature of Member / Proxy

*Applicable for investors holding shares in electronic form.



Book-Post

if undelivered please return to:

GITANJALI

Gitanjali Gems Limited

B-6, 1st Floor, Laxmi Towers, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

www.gitanjaligroup.com