GITANJALI

ANNUAL REPORT 2012-13

Gitanjali Gems Limited

The journey of a pioneer

asmi

Diamond Jewellery

For the woman of spirit

HIGHLIGHTS

Gitanjali Group is one of the world's largest integrated branded jewellery manufacturer-retailer with an annual turnover of over $3billion. Established in 1966, today its activities are spread across the entire value chain from rough diamond sourcing, cutting, polishing and distribution, jewellery manufacturing to branding and retailing gold and diamond jewellery in India and abroad.

The Group pioneered the jewellery retail revolution in India by launching 'Gili' way back in 1994. It today owns eight out of the top ten jewellery brands and distributes them through its extensive network of own stores, shop-in-shops and franchise outlets span across 300 cities and 4,000 points of sale.

OPERATIONAL HIGHLIGHTS

- Significant global presence in the top five jewellery markets of the world
- One of the largest manufacturers of precious jewellery.
- Largest number of well established jewellery brands under one roof in the world - top 6 out of 8 jewellery brands in India and well known international brands
- One of the strongest and largest retail networks making it the largest jewellery house in terms of number of points of sale globally with over 4000 points.
- Well balanced and well-diversified business model.
- Amongst the fastest growing jewellery conglomerates

FINANCIAL HIGHLIGHTS

Sales
31%

EBITDA
30%

PAT
21%

LETTER TO SHAREHOLDER

Mehul C. Choksi
Chairman and Managing Director,
Gitanjali Group

"Initiatives to reach out to customers in variety of ways have been immensely successful and our brand continue to enjoy strong recall owing to vigorous promotional campaigns and the choice of leading celebrities as brand ambassadors"

Dear Shareholders,

The financial year 2013, has marked another year of success and growth for Gitanjali. Our company's efforts were based on a well-entrenched belief, that is at the core of our business. We believe we have the potential to track and spot opportunities and find success in every situation. Our ability to look beyond the norm has been catalytic in our reporting a successful and profitable year.

The macroeconomic environment in the financial year 2013 was replete with uncertainties and challenges. The inverse co-relation between currencies, commodities and capital flows ensured that global markets witnessed constant volatility and outflow of funds. Notwithstanding, the fragility of the global economic environment and a slow revival rate, we at Gitanjali Gems, vigorously pursued identifying opportunities and successfully grew the revenues. We remain focused on the quality of growth, to achieve better realizations from our branded jewellery business. Gitanjali's strong operating and financial performance in the year is a confirmation to its all round capabilities and its brand pull. In the coming years, the company's focus is to grow the category of diamond jewellery and precious stones.

India is a huge market with a very large youth population. The disposable incomes in urban India are on the rise and the demographic mix is clearly in favor of generation next. The rural income too is on the increase with various government schemes favouring minimum wages, etc. This translates to mounting aspirations for products such as branded jewellery. We, at Gitanjali are well-poised to take advantage of this and hence have been able to grow our share of the customer wallet in the financial year 2013 and we were able to grow our branded jewellery revenues significantly.

We have succeeded by aggressively expanding our presence in smaller Indian cities and towns. Our success has proved that jewellery consumers are

shifting from the unorganised sector to the organised sector. It has also been proved that branded jewellery is rapidly becoming the preferred choice for consumers in these regions and that the increase in demand for branded jewellery is not limited to large cities alone. This is how our strategic initiatives are having the desired impact on our financials.

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

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

The Indian jewellery industry is nearly USD 100 billion today. We understand that India has a diversity of regional preferences, and we have incorporated these in the new collections, brands and designs that we launched during the year. Our brands continue to enjoy strong recall owing to vigorous promotional campaigns and the choice of leading celebrities as brand ambassadors. We are constantly innovating-creating new designs, new collections, introducing new channels for the sale of jewellery, supporting new product launches with promotional campaigns thus reaching out to consumers in a variety of ways and so enthralling them. These initiatives have been immensely successful.

We recognize that diamond jewellery is rapidly gaining ground in an Indian market dominated predominantly by gold. Diamonds are also being viewed as a form of financial security and a repository of value. These are significant in uncertain times when risk-aversion is on the rise. By offering a range of brands as well as trust and convenience to consumers, our company was able to grow the domestic diamond jewellery revenues.

Gitanjali Gems is a fundamentally strong company in the business of jewellery manufacturing, branding and jewellery retailing, both in India and overseas. Its portfolio of brands is a potent one. Both current and potential jewellery consumers are familiar with the company's brands like Gili, Asmi, Nakshatra, D'damas and Sangini to name a few. During the year we added two new brands – Nirvana and Viola, to our brand portfolio, which bring alongwith them, unique design signatures and manufacturing capabilities. These acquisitions augmented the company's brand portfolio and also enhanced the company's retail footprint through the addition of 166 points of sales in the shop-in-shop format.

We service consumers through over 4000 points of sale and in India we are present across 300 cities and towns. In order to leverage on our position of supremacy, we have expanded our retail presence aggressively during the financial year 2013. Retail expansion will be mainly driven by our growing franchise network as this will help address the fast growing demand for branded jewellery in small towns and cities.

Gitanjali is also active in the e-commerce space, as it has recognized the potential of online medium. In order to cater to the e-commerce market, it has made itself available by developing an e-commerce platform. Having an integrated business model, Gitanjali is well positioned to explore the e-commerce platform globally and reach out to millions of customers from its existing as well as its expanding database.

Besides being an established brand for jewellery,

the company also launched brand extensions of its popular brands in other lifestyle categories. Gili apparel collection is already developed, while other categories like bags, accessories and eye wear are in the pipeline. This extension to the next level is going to fuel cross category synergies amongst the existing loyal customers of Gitanjali brands.

As for the Group's international business, US, Middle East and Japan were the best performing markets for the group in the last financial year. The 2nd half in general and the last quarter in particular witnessed a strong performance in these markets. Also, the strategic stake of Gitanjali's Japanese firm (Gems TV) has been merged with IMACBC, a jewellery manufacturing company, so that both, GEMS TV and IMACBC avail of synergies of an integrated business model. The group also has a presence in UK, Singapore, Hong Kong and other far eastern regions.

The recent regulatory changes by RBI in the months of May and June, disallowed gold imports on consignment for domestic consumption. This had impacted the company's business model significantly. The new norms stopped gold loans, which were available to the company for six to seven months. The company's substantial line of credit was in the form of gold loan which has been impacted due to these regulatory changes. Respecting the CAD situation of the government, the company has started changing its business model by re-focusing on its core business of diamond jewellery and other forms of precious jewellery. The company is planning to increase its diamond jewellery sales which have better value addition. Gitanjali also plans to introduce lower category of 9K and 11K of gold and diamond jewellery in the Indian market.

Our portfolio is well-balanced in terms of presence in India and overseas. The strategic initiatives relating to a range of activities from branding to the launch of new collections, new store openings, provided powerful momentum to our company's domestic and overseas jewellery revenues. Our de-risking of revenues by geography, channels, and category has ensured that jewellery revenues today account for 62% of the total revenues.

We would continue to benefit from the increasing share of organised players in the jewellery space in India. Our understanding of the market and individual segment requirements, efforts towards maintaining our strong brand recall, constant innovations and design concepts will fuel our growth in India as well as internationally. The synergies that our company's alliances and acquisitions provide for, in terms of learning and efficiencies, will drive our expansion in keeping with our vision.

On behalf of Gitanjali, I would like to thank you for the trust and faith that you have demonstrated.

Warm regards,

Mehul C. Choksi
Chairman and Managing Director

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PROFILE OF DIRECTORS

A brief profile of all the Board members are as under:-	
MEHUL C. CHOKSI ***(54)-Chairman & Managing Director***	
	He has been associated with the gems and jewellery industry for over three decades and has vast experience in this industry having an exposure to the entire range of activities, from buying roughs to jewellery sales. He has been a pioneer in corporatizing the jewellery industry in India and has been instrumental in launching and positioning several successful jewellery brands in Indian and overseas markets. He steers the group vision and strategy with his deep knowledge and foresight.
SUNIL VARMA (46) – ***Whole-time Director***	
	He is senior finance and accounting professional with extensive hands on experience in management, business leadership and working with Board of Directors, Banks and other agencies. Mr. Varma is CA, CPA, CFA and MBA with strong background in accounting, audit, budgets, cash forecasts, cost control, analytical, and financial modeling skills. He is responsible for managing all administrative activities which include human resource, operations, and general administration.
DHANESH V. SETH ***(56) - Non-Executive Director***	
	He is a Commerce Graduate and he has been associated with Gitanjali for more than two decades, having been Director of the Company for almost 23 years. He advises the company on its marketing operations, buying and selling of rough diamonds and other aspects of Business Development.
NEHAL MODI ***(34) - Non-Executive Director***	
	He is BA - Finance & Marketing from Boston University. He is having experience of 11 years in the industry at top management positions. He has been instrumental in Company's growth through its subsidiaries in United States since 2001.

SUJAL A. SHAH ***(45)- Independent Director***	
	A qualified Chartered Accountant has a post qualification experience of 22 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 ***(67) - Independent Director***	
	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 ***(50) - Independent Director***	
	He is a law graduate and a solicitor with an experience of more than 23 years. He is currently a partner of J. Sagar Associates, a law firm and specializes 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.
SWAMINATHAN SUNDARARAJAN MITTUR (63) ***- Independent Director***	
	He is an Indian banking consultant, economist and was previously the head of Indian Bank. Mr. Rajan is a M.A. (Econ), CAIIB and A.C.S. He is a visiting faculty to many institutions. His core expertise is in investment banking, project finance, corporate restructuring and capital market.

COMPANY INFORMATION

Board of Directors

Mr. Mehul Choksi	Chairman & Managing Director
Mr. Sunil Varma	Whole Time 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
Mr. M.S. Sundararajan	Independent Director

Company Secretary & Compliance Officer

Ms. Pankhuri Warange

Chief Financial Officer

Mr. Kapil Khandelwal

Audit Committee

Mr. M. S. Sundararajan (Chairman)
Mr. Nitin Potdar
Mr. Mehul Choksi
Mr. S. Krishnan

Shareholders/Investor's Grievance Committee

Mr. Dhanesh Sheth (Chairman)
Mr. Mehul Choksi
Mr. Nitin Potdar

Remuneration Committee

Mr. S. Krishnan
Mr. Nitin Potdar
Mr. M. S. Sundararajan

Management Committee

Mr. Mehul C. Choksi (Chairman)
Mr. Dhanesh Sheth
Mr. Sunil Varma

Statutory Auditors

M/s Ford, Rhodes, Parks & Co.
Sai Commercial Building,
312/313, 3rd Floor,
BKS Devshi Marg,
Govandi (East),
Mumbai – 400088

Name of Bank

Allahabad Bank
Andhra Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Catholic Syrian Bank
Central Bank of India
Corporation Bank
Dena Bank
EXIM Bank
ICICI Bank Limited
IDBI Bank
Indian Overseas Bank
IndusInd Bank Limited
Jammu and Kashmir Bank Limited
Karnataka Bank Limited
Karur Vysya Bank
Lakshmi Vilas Bank Limited
Oriental Bank of Commerce
Punjab & Sind Bank
Punjab National Bank
Standard Chartered bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Mauritius
Syndicate Bank
Union Bank of India
United Bank of India
Vijaya Bank

Registered Office

A-1, 7th Floor, Laxmi Tower,
Bandra – Kurla Complex,
Bandra (E) Mumbai – 400051
Tel: +91-022-40354600
Fax: +91-022-40354602
e-mail: investors@gitanjaligroup.com

Registrar & Transfer Agent

Karvy Computershare Private Limited
Unit: Gitanjali Gems Limited
Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500081
Tel: +91-040-23420818
Fax: +91-040-23420814
e-mail: einward.ris@karvy.com
Website : www.karvy.com

NOTICE

NOTICE IS HEREBY GIVEN that the Twenty–Seventh Annual General Meeting (AGM) of Gitanjali Gems Limited will be held on Monday, September 30, 2013 at 9.00 a.m. at MCA Recreation Center, RG-2, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 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. Nitin Potdar, who retires by rotation and is eligible for re-appointment.
4. To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "RESOLVED that Mr. Sujal Shah, a director liable to retire by rotation, who does not offer himself for re-appointment, be not re-appointed as a Director of the Company and the vacancy, so caused on the Board of the Company, be not filled up."
5. To appoint auditors and fix their remuneration.

Date: August 14, 2013
Place: Mumbai

By order of the Board of Directors

Pankhuri Warange
Company Secretary

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

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 authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote at the 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 dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting, to facilitate identification of membership at the meeting.
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 desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
f. The Register of Members and Share Transfer Books of the Company will remain closed from, Saturday, September 21, 2013 to Monday, September 30, 2013 (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 Saturday, September 21, 2013. In respect of shares held in electronic form, dividend will be payable to the beneficial owners of shares as at the end of business hours on Friday, September 20, 2013 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 of the Company or view the accounts for the financial year ended March 31, 2013, 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 dematerialized form may kindly note that their bank details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the 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. In terms of Section 205C of the Companies Act, 1956, the application money received by companies for allotment of any securities and due for refund and lying unpaid or unclaimed for a period of seven years from the date they became due for payment, shall be transferred by the companies to the Investor Education and Production Fund (IEPF) established by the Central Government.

During the financial year 2012-13, the Company has transferred the unclaimed share application money amounting to Rs. 22,56,935/- (Rupees Twenty Two Lacs Fifty Six Thousand Nine Hundred Thirty Five Only) received during the Initial Public Offer of the Company to Investor Education and Production Fund (IEPF).

q. Please note that in terms of SEBI circular No. MRD/ DoP/ Cir -05/2009 dated May 20, 2009, it is mandatory for the transferee(s) to submit copies of their PAN card along with request for transfer of shares of listed Companies in physical form. Accordingly, all transferees are requested to submit self – attested copies of their PAN card along with their request for transfer of shares of the Company in physical form in compliance with the above circular, failing which their request for transfer of shares will be returned under objection.

r. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with Karvy Computershare Private Limited, Registrar and Share Transfer Agents of the Company by sending an email at einward.ris@karvy.com.

s. The details pertaining to Directors liable to retire by rotation and eligible for re-appointment as required to be provided pursuant to Clause 49 of Listing Agreement of Stock Exchanges is as follows :

Name of the Director	Mr. Nitin Potdar
Date of Birth	21/02/1963
Date of Appointment	30/01/2010
Expertise in specific function area	Specialized 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.
Qualification	B.A., LL. B., Solicitor
List of outside Directorships held as on March 31, 2013	1. Fresenius Kabi Oncology Limited 2. Motilal Oswal Trustee Co. Limited 3. Intas Pharmaceuticals Limited
Chairman/Member of the Committee of the Board of Directors of the Company as on March 31, 2013	1. Member of Audit Committee 2. Member of Shareholders/Investors Grievances Committee 3. Member of Remuneration Committee
Chairman/Member of the Committee of the Board of Directors of other Companies as on March 31, 2013	**1. Fresenius Kabi Oncology Limited –Member of following committees** a) Audit Committee b) Compensation Committee c) Shareholders/Investors Grievances Committee d) Share Transfer Committee e) Share Allotment Committee and f) Committee for disposal of assets **2. Motilal Oswal Trustee Co. Limited – Member of following committee** a) Audit Committee **3. Intas Pharmaceuticals Limited – Member of following committees** a) Audit Committee b) Compensation Committee
Number of shares held in the Company as on March 31, 2013	3000

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

ITEM NO. 4

Mr. Sujal Shah, Director of the Company, is due to retire by rotation at the forthcoming Annual General Meeting. He has, however, by notice in writing addressed to the Company, conveyed his desire not to offer himself for re-appointment as Director due to pre occupation. The Company does not intend to fill-up the resulting vacancy. The resolution at item no. 4 is pursuant to Section 256(4) of the Act.

Date: August 14, 2013
Place: Mumbai

By order of the Board of Directors

Pankhuri Warange
Company Secretary

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

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the 27th Annual Report on the business and operations of the Company for the year ended March 31, 2013.

FINANCIAL RESULTS

(Rs in Million)

	Standalone		Consolidated	
	2012-13	**2011-12**	**2012-13**	**2011-12**
Sales & Other Income	103,997.87	77,899.96	164,893.08	125,763.96
Expenditure	98,914.78	73,495.87	153,706.64	116,906.98
Finance Cost	2,387.36	1,879.29	4,613.20	3,377.37
Depreciation & Ammortisation Expenses	48.79	34.66	366.57	294.70
Exceptional Items	0.98	97.23	0.98	50.54
Profit before Taxes	2,647.92	2,587.37	6,207.65	5,235.45
Provision for Current Tax	518.82	519.00	1,040.88	920.52
Provision for Deferred Tax	7.49	3.98	18.80	21.19
Provision for MAT (Credit)	(530.00)	(519.00)	(804.28)	(601.27)
Net Profit for the year	2,651.61	2,583.39	5,952.26	4,895.01
Profit brought forward from earlier Years	9,671.23	7,920.56	14,445.57	10,387.29
Amount available for Appropriation	12,322.84	10,503.95	20,235.62	15,278.29
Appropriations:				
Proposed Dividend (including Dividend Tax)	327.64	317.72	327.64	317.72
Transfer to General Reserve	270.00	265.00	270.00	265.00
Capital Redemption Reserve	-	-	-	-
Debenture Redemption Reserve	250.00	250.00	250.00	250.00
Balance Carried to Balance Sheet	11,475.20	9,671.23	19,387.98	14,445.57

(1 Million = 10 Lakhs)

TURNOVERS & PROFITS

Your Directors wish to inform you that despite volatile regulatory environment and inflationery pressure, your Company continues to grow strongly. During the financial year ended March 31, 2013 the sales and other income increased from Rs. 77,899.96 Million to Rs. 103,997.87 Million. The net profit before tax stood at Rs. 2,647.92 Million as against Rs. 2,587.37 Million in the previous year. The net profit after tax stood at Rs. 2,651.61 Million as against Rs. 2,583.39 Million in the previous year.

BUSINESS REVIEW

1. **DIAMOND AND JEWELLERY MANUFACTURING SEGMENT**

   The company is engaged in the diamond and jewellery manufacturing. It is present in the entire process right from sourcing rough diamonds, cutting and polishing them to manufacturing jewellery. The diamond cutting and polishing process is labour-intensive and requires specialised skills. Rough (uncut and unpolished) diamonds acquired are sorted or graded on the basis of colour, shape, clarity, cut and weight. In order to ensure optimum recovery of polished stones from the rough diamonds, the cutting process is carefully planned. The key steps in the process are Marking, Cleaving, Sawing, Cutting and Polishing. The final stages of the diamond manufacturing process consists of checking for damage, cleaning by boiling in various acids and the final sorting before marketing to the customer.

   The branded jewellery that the company manufactures includes diamond studded and other precious metal jewellery. There are currently over 200,000 active SKUs. The company has produced branded jewellery in India for approximately 20 years. It started as an outsourcing partner for leading international jewellery brands and then transitioned

to cater to its own branded jewellery distribution and retailing. The majority of the branded jewellery that is produced in-house is used in the company's own distribution and retailing network. The company makes use of sophisticated jewellery manufacturing facilities in India that incorporate CAD (Computer Aided Designing) and CAM (Computer Aided Manufacturing) technology, that is overseen by a highly skilled design team. The multiple manufacturing locations mitigate risks associated with a single site manufacturing facility. In addition, the company is situated in strategic locations to take advantage of the supply of skilled labourers that may be specific to a region. Our manufacturing facilities are also located at logistical hubs for efficient supply chain management beginning with raw material sourcing and ending with easier access to consumers.

2. **BRANDED JEWELLERY AND RETAIL SEGMENT**

The company believes that it has been a 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 "Gili" brand of jewellery, introduced in 1994, was among the first branded jewellery lines introduced in India. The company's brands and sub-brands are aimed at different customer profiles, various markets and price segments and enjoy significant brand equity and market share.

The company's distribution channels include exclusive distributors for jewellery products, direct sales to large department stores and direct sales to end customers through retail operations. The company sells diamond and other jewellery products in India through its nationwide sales and distribution network that consisted of 360 distributors, 259 Company-owned stores, 391 stores set up through franchisee arrangements and 643 shop-in-shops located in department stores. The company is also strongly exploring newer channels of distribution such as e-commerce and e-franchising to capitalize on the trend of consumer preferences changing in favour of modern retail formats and new buying methods. The company's retail operations are carried out through it various subsidaries and are supported by a strong inventory management system.

3. **INTERNATIONAL DISTRIBUTION AND RETAIL SEGMENT**

The company has also established a significant retail and distribution presence in the United States, the Middle East and certain regions in Asia through it overseas subsidiaries.

In the United States, the company operates a retail network of 104 stores through its subsidiary Samuels Jewelers, Inc. which was acquired in 2006. The Samuels chain has exclusive designer jewellery collections and a large selection of loose and mounted diamonds under brands such as "Samuels Jewelers", "Schubach Jewelers", "Samuels Diamonds", "Rogers Jewelers" and "Andrews Jewelers" which are primarily targeted at middle and upper middle class consumers in the United States. Headquartered in Austin, Texas, Samuels' retail chain is positioned as a wedding jeweller with category focus on bridal collections in the United States.

In the Middle East, the company operates four stores in Dubai and also sells to approximately 50 prominent retailers. The company targets the Indian diaspora who are familiar with its brands.

The company has incorporated a subsidiary in Singapore, Leading Singapore Jewels Pte. Limited in order to expand its Asian retail presence. In 2012, the company opened its first retail store in Singapore.

The Company is also present in Japanese market through it strategic stakeholding in IMACBC and Verite Co. Limited. Aston Luxury Group Limited, a Hong Kong based wholly owned subsidiary of the Company, owns 20% stake in IMACBC and 15.03% stake in Verite Co. Limited

The company has also increased its global presence in Italy through brand acquisitions and increased access to distribution networks on account of strategic acquisitions and investments, in Italy.

The company, through its subsidiary Alfred Terry, in the United Kingdom has gained access to a strong distribution network in the UK and rest of Europe.

The company also acquired Crown Aim Limited, a Hong Kong based company that has strong distribution network to Hong Kong, China, Japan, the US, Middle East and Europe.

DIVIDEND

Your Directors recommended a dividend of Rs 3/- per equity share for the year ended March 31, 2013. 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. 270.00 Million to the general reserve out of the total amount of Rs. 12,322.84 Million available for appropriations as on March 31, 2013.

SUBSIDIARIES

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

1. eGitanjali Limited
2. Gitanjali Exports Corporation Limited
3. Gitanjali Brands Limited
4. Gitanjali Infratech Limited
5. Hyderabad Gems SEZ Limited
6. Gitanjali Lifestyle Limited
7. N & J Finstocks Private Limited
8. Nashik Multi Services SEZ Limited
9. Gitanjali Jewellery Retail Limited
10. Decent Securities & Finance Private Limited
11. Decent Investment & Finance Private Limited*
12. Eureka Finstocks Private limited
13. MMTC Gitanjali Limited
14. Samuels Jewelers Inc.
15. Gitanjali USA, Inc.
16. Gitanjali Ventures DMCC
17. Aston Luxury Group Limited

***Acquired during the year**

STEP DOWN SUBSIDIARIES

1. Maya Retail Limited (Subsidiary of Gitanjali Lifestyle Limited)
2. MobileNxt Teleservices Private Limited(Subsidiary of Gitanjali Lifestyle Limited)
3. Ivida Technologies Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
4. Gitanjali Realtors Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
5. Coronet Gems Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
6. Damas Gems-N-Jewels (I) Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
7. Gitanjali Capital Private Limited (Subsidiary of Gitanjali Lifestyle Limited)
8. Gili India Limited (Subsidiary of Gitanjali Brands Limited)
9. Nakshatra Brands Limited (Subsidiary of Gitanjali Brands Limited)
10. D'Damas Jewellery (India) Private Limited (Subsidiary of Gitanjali Brands Limited)
11. Shubhalavanya Jewel Crafts Private Limited (Subsidiary of Gitanjali Brands Limited)
12. Asmi Jewellery India Limited (Subsidiary of Gitanjali Brands Limited)
13. Spectrum Jewellery Limited (Subsidiary of Gitanjali Brands Limited)
14. Tri-Star Worldwide LLC (Subsidiary of Gitanjali USA, Inc.)
15. GGL Diamonds LLC (Subsidiary of Gitanjali USA, Inc.)
16. Diamlink Inc. USA (Subsidiary of Gitanjali USA, Inc.)
17. Diamlink Jewelery Inc. (Subsidiary of Diamlink Inc. USA)
18. Jewelry Marketing Company, LLC (Subsidiary of Diamlink Jewelery Inc.)
19. LJOW Holdings, LLC (Subsidiary of Diamlink Jewelery Inc.)
20. Gitanjali Resources (Subsidiary of Aston Luxury Group Limited)
21. Leading Italian Jewels SRL (Subsidiary of Aston Luxury Group Limited)
22. Crown Aim Limited (Subsidiary of Aston Luxury Group Limited)
23. Aston Diamond Resources SA Proprietary Limited (Subsidiary of Aston Luxury Group Limited)
24. Abbeycrest (Thailand) Limited (Subsidiary of Aston Luxury Group Limited)
25. Leading Jewels of Japan KK (Subsidiary of Aston Luxury Group Limited)
26. Leading Italian Jewels (Singapore) Pte. Limited (Subsidiary of Aston Luxury Group Limited)

27. Alfred Terry Limited (Subsidiary of Aston Luxury Group Limited)
28. BLU SRL (Subsidiary of Crown Aim Limited)

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

SUBSIDIARIES

The Ministry of Corporate Affairs, Government of India vide circular no. 2/2011 dated 8th February, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of 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 May 28, 2013, passed a resolution giving consent for not attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2013 is included in the Annual Report.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be available for inspection as above at office of the Company situated at A-1, 7th Floor, Laxmi Towers, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand. We believe that the consolidated accounts present a full and fair picture of the state of affairs and the financial condition and are accepted globally. The Consolidated Financial Statements presented by the Company includes the financial results of its subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

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

RELATED PARTY TRANSACTIONS:

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

FIXED DEPOSITS:

During the financial year 2012-13, your Company has neither invited nor accepted any fixed deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

In the year 2013-14 the Company has started accepting Fixed Deposits from the public pursuant to the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 made thereunder. Fixed Deposit received from public as on date stood at Rs. 2.19 crores.

DIRECTORS:

In accordance with the Articles of Association, Mr. Sujal A. Shah and Mr. Nitin Potdar, Directors of the Company are retiring at the ensuing Annual General Meeting. Mr. Nitin Potdar, being eligible, offers himself for re-appointment. Mr. Sujal Shah expressed his desire to retire at ensuing Annual General Meeting due to pre-occupation.

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 recommended 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.

COST AUDITOR:

As per the Order F. No. 52/26/CAB-2010 dated November 06, 2012 issued by Ministry of Corporate Affairs, Cost Audit Branch, the Company is required to

get its cost accounting record audited, in respect of each of its financial year commencing on or after 1st day of January, 2013, by a cost auditor. M/s. Ajekar Shivaraya Kini, Cost Accountants have been appointed as the Cost Auditors for the Company by the Board of Directors in their meeting held on May 28, 2013 to conduct the cost audit for the Financial Year 2013-2014.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

(i) that in the preparation of the annual accounts, for the financial year ended March 31, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the said period;

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

(iv) that the Directors have prepared the accounts for the financial year ended March 31, 2013 on a 'going concern' basis.

The above statements have been reviewed by the Audit Committee at its meeting held on May 28, 2013.

SIGNIFICANT DEVELOPMENTS DURING THE YEAR

a) During the year, Aston Luxury Group Limited, a Hong Kong based wholly owned subsidiary of the Company has acquired 15.03% stake in Verite Co. Limited in Japan. Verite Co. Limited is a listed entity on the Tokyo Stock Exchange and operates a network of 101 jewellery retail stores in Japan.

b) During the year, Board of Directors of the Company in its meeting held on November 09, 2012 gave in-principle approval to merge Gitanjali Infratech Limited, wholly owned subsidiary of the Company, into Gitanjali Gems Limited

c) During the year, the Company has acquired jewellery brands, Nirvana and Viola through Spectrum Jewellery Limited, a step-down subsidiary of the Company.

d) During the year, the Company has allotted 1(One) Zero Percent Fully Convertible Debenture (FCD) to D. B. Corp Limited having face value of Rs. 39,00,00,000/- on preferential basis as per SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.

e) During the year, the Company allotted 943,396 equity shares of Rs. 10/- each upon conversion of 943,396 warrants issued in previous year to Bennett Coleman and Company Limited (BCCL) on Preferential basis at the price of Rs. 424/- per warrant. Consequently, paid up capital of the Company increased from Rs. 911,220,950/- consisting of 91,122,095 equity shares of Rs.10/- each to Rs. 920,654,910/- consisting of 92,065,491 equity shares of Rs. 10/- each.

f) In terms of Section 205C of the Companies Act, 1956, the application money received by companies for allotment of any securities and due for refund and lying unpaid or unclaimed for a period of seven years from the date they became due for payment, shall be transferred by the companies to the Investor Education and Production Fund (IEPF) established by the Central Government.

During the financial year 2012-13, the Company has transferred the unclaimed share application money amounting to Rs. 22,56,935 (Rupees twenty two lacs fifty six thousand nine hundred thirty five only) received during the Initial Public Offer of the Company to Investor Education and Production Fund (IEPF).

RECENT DEVELOPMENT

a) M/s. Gems London Co. Limited in which the company was holding strategic stake to the extent of 30% through it Hong Kong based wholly owned subsidary Aston Luxury Group Limited was merged with Tokyo based Imacbc Co. Limited with effect from April 01, 2013. This merger with IMACBC, a jewellery manufacturing Company was a strategic move with a view to avail synergies of an integrated business model.

DISCLOSURE PURSUANT TO CLAUSE 5A OF LISTING AGREEMENT

Pursuant to insertion of clause 5A in listing agreement as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 the details in respect of the shares lying in the Gitanjali Gems Limited – Unclaimed Shares Suspense Account till March 31, 2013 is as under:

SI. No.	Description	No. of Cases	No. of Shares
i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 01, 2012	25	1008
ii)	Number of shareholders who approached the Company for transfer of share from suspense account during the year 2012-13	1	35
iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2012-13	1	35
iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013	24	973

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.

CORPORATE GOVERNANCE

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

EMPLOYEE RELATIONS

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

PARTICULARS OF EMPLOYEES

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

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

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION, ADAPTATIONS & INNOVATION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year (Rs. in Million)	Previous Year (Rs. in Million)
Foreign Exchange Earnings:		
FOB Value	31526.76	34578.56
Foreign Exchange Outgo:		
Value of Imports on CIF basis	40447.75	25197.67
Expenditure in Foreign Exchange	538.56	194.24

ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

Mehul C. Choksi
Chairman & Managing Director

Place : Mumbai
Date : August 14, 2013

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is most viewed as both, the structure and the relationship which determine corporate direction and performance. It is a systematic process by which organizations are directed to manage their operations with the objective of enhancing stakeholder value.

Your Company has always practiced Corporate Governance of the highest standard and follows a culture that is built on core values and ethics.

Your company is committed towards transparency in all its dealings and places high emphasis on business principles and believes the good corporate Governance goes beyond working results and financial priority and is pre-requisite for attainment of excellent performance. The Company's business practices are based on the conviction that good business sense underpins good ethics.

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

BOARD OF DIRECTORS

Composition of the Board

As of March 31, 2013 the Company's Board comprises Eight Directors, including four independent Directors. The composition of the Board is in conformity with clause 49 of the Listing Agreement which stipulates that 50 percent of the Board should comprise of non-executive directors and where the Chairman of the Board is Executive Director, at least half of the Board should comprise of Independent Directors.

The composition and the category of Directors on the Board of the Company as on March 31, 2013 were as under:

Category	Name	Designation
Promoter & Executive Director	Mr. Mehul C. Choksi	Chairman & Managing Director
Executive Director	Mr. Sunil B. Varma	Whole Time Director
Non – Executive Non-Independent Director	Mr. Dhanesh V. Sheth	Director
	Mr. Nehal D. Modi	Director
Independent Directors	Mr. Sujal A. Shah	Director
	Mr. Krishnan S. Waran	Director
	Mr. Nitin R. Potdar	Director
	Mr.Swaminathan Sundararajan Mittur	Director

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 Directors 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 during 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 2012-13	No of Board Meetings attended	Attendance at last AGM
Mr. Mehul C. Choksi	C.M.D.	4	4	Yes
Mr. Sunil B. Varma	W.T.D	4	4	Yes
Mr. Dhanesh V. Sheth	N.E.D.	4	4	Yes
Mr. Nehal D. Modi	N.E.D.	4	0	No
Mr. Sujal A. Shah	I. N.E.D.	4	4	Yes
Mr. Krishnan S. Waran	I. N.E.D.	4	4	Yes
Mr. Nitin R. Potdar	I. N.E.D.	4	3	No
Mr. Swaminathan Sundararajan Mittur	I.N.E.D	4	4	No

C.M.D. Chairman & Managing Director
W.T.D Whole Time Director
N.E.D. Non Executive Director
I. N.E.D. Independent Non Executive Director

Board Meetings held during the year 2012 - 2013

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

Sr. No.	Date	Board Strength	No. of Directors present
1.	May 21, 2012	8	7
2.	August 11, 2012	8	7
3.	November 09, 2012	8	7
4.	February 13, 2013	8	6

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

Other Directorships and Committee Membership

None of the Directors holds Directorships in more than fifteen Public Limited Companies nor is any Director, Chairman of more than 5 Committees. The details of Directorship and Committee Membership & Chairmanship held by the Directors as on March 31, 2013 are as follows:

Name of the Director	No. of other Directorships (Including GGL)	Committee (Including GGL)	
		Member	Chairman
Mr. Mehul C. Choksi	11	3	1
Mr. Dhanesh V. Sheth	8	4	1
Mr. Nehal D. Modi	1	0	0
Mr. Sujal A. Shah	13	3	5
Mr. Krishnan S. Waran	3	1	2
Mr. Nitin R. Potdar	4	6	0
Mr. Swaminathan Sundararajan Mittur	10	3	0
Mr. Sunil B. Varma	1	0	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 which, among others, 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

As on March 31, 2013 the Audit Committee comprised 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 March 31, 2013, 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 2012-13	No. of Meetings Attended
Mr. Sujal A. Shah	Chairman	4	4
Mr. Krishnan S. Waran	Member	4	4
Mr. Nitin Potdar	Member	4	3
Mr. Dhanesh Sheth	Member	4	4

Shareholders' / Investors' Grievance Committee

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

Composition of Shareholders' / Investors' Grievance Committee

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

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

Meetings and Attendance

During the financial year ended March 31, 2013, twelve 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 2012-13	No. of Meetings Attended
Mr. Dhanesh V. Sheth	12	12
Mr. Mehul C. Choksi	12	12
Mr. Nitin Potdar	12	10

Status of Shareholders'/Investors' Complaints

Particulars	No. of Complaints
Complaints pending as on April 1, 2012	NIL
Complaints received during the period April 1, 2012 to March 31, 2013	43
Complaints disposed off during the period April 1, 2012 to March 31, 2013	43
Complaints outstanding as on March 31, 2013	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 of Remuneration Committee

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

Remuneration of Non-Executive Directors and their shareholding

Name of Directors	Sitting Fees Paid (Rs.)		No. of Shares held as on March 31, 2013
	Board Meeting	Audit Committee	
Mr. Dhanesh V. Sheth	**Nil**	**Nil**	**Nil**
Mr. Nehal Modi	**Nil**	**Nil**	**NIL**
Mr. Sujal A. Shah	**70,000**	**70,000**	**3000**
Mr. S. Krishnan	**70,000**	**70,000**	**NIL**
Mr. Nitin Potdar	**50,000**	**50,000**	**3000**
Mr. Swaminathan Sundararajan Mittur	**70,000**	**-**	**NIL**

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

Remuneration of Executive Directors and their shareholding

Name of the Directors	Remuneration paid during the year 2012-13	Number of shares held as on March 31, 2013
Mr. Mehul C. Choksi	**Rs. 48,00,000**	**47527628**
Mr. Sunil Varma	**Rs. 39,61,360**	**-**

- 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 2012– 13, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

Name, designation, address of the compliance officer

Name: Ms. Pankhuri Warange

Designation: General Manager - Legal & Secretarial and Company Secretary

Address: A-1, 7th Floor, Laxmi Tower,
Bandra Kurla Complex,
Bandra (E) Mumbai – 400 051
Tel +91- 022 – 40354600/601
Fax +91- 022 - 40354602
Email: investors@gitanjaligroup.com

General Body Meetings

(A) Annual General Meetings:

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

Financial Year	Day & Date	Time	Venue	Special Resolutions passed
2009-10	Saturday, September 25, 2010	3.00 p.m	M.C.Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400 001	1. Authority under section 163 of the Companies Act, 1956 for keeping the Statutory Registers at the Administrative Office of the company. 2. Alteration of Articles of Associations under Section 31 of the Companies Act, 1956.
2010-11	Monday, September 26, 2011	3.00 p.m	M.C.Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400 001	NIL
2011-12	Friday, September 28, 2012	10.00 a.m	MCA Recreation Centre, RG-2, G block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	1. Issue of Fully Convertible Debentures to D.B. Corp Limited (DBCL) on preferential basis.

(B) **Extra Ordinary General Meetings**

No Extraordinary General Meeting was held during the financial year 2012-13.

(C) **Resolutions passed through Postal Ballot**

Resolutions in relation to following items were passed on March 06, 2013, through postal ballot in accordance with the provisions of the Companies Act, 1956 and Companies (passing of the Resolution by Postal Ballot) Rules, 2011:

1. Issue of Equity Shares of the company and/or other securities through QIPs/ADRs/GDRs/FCCBs and or any other securities compulsory convertible into equity shares or any combination of the foregoing upto USD 250 Million.

Particulars	No. of Votes Cast	% of total votes cast
In favour of the resolution	52324575	89.44
Against the resolution	6180411	10.56

2. Increase of the borrowing powers of the Board of Directors under section 293 (1)(d) of the Companies Act, 1956 upto Rs. 10000 crores

Particulars	No. of Votes Cast	% of total votes cast
In favour of the resolution	58498865	99.99
Against the resolution	5936	0.01

3. Authorizing the Board for creation of Charge/hypothecation/mortgage of movable and immovable properties of the Company under section 293 (1)(a) of the Companies Act, 1956 upto Rs. 10,000 crores , with a view to secure the borrowings of the Company.

Particulars	No. of Votes Cast	% of total votes cast
In favour of the resolution	58498305	99.99
Against the resolution	6721	0.01

4. Investment/making of loan(s)/giving any guarantee(s)/providing any securities under section 372A of the Companies Act, 1956 up to a limit not exceeding Rs. 7500 crores.

Particulars	No. of Votes Cast	% of total votes cast
In favour of the resolution	52544517	89.81
Against the resolution	5959204	10.19

Mr. Manish L. Ghia, Practicing Company Secretary was appointed as the scrutinizer for ensuring conduct of the Postal Ballot process in a fair and transparent manner. The resolutions in respect of the above said items had been passed with the requisite majority.

Disclosures

(i) **Related Party Transactions**

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

(ii) **Compliance**

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

Means of communication

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

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

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

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

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

The Company has designated an e-mail id for registering investor complaints viz., 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 managed by their respective Boards who have the rights and obligations to manage the Company in the best interest of the stakeholders. As a majority stakeholder, the Company monitors the performance of such companies.

(c) **Secretarial Audit for reconciliation of capital**

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

(d) **Code for prevention of Insider Trading**

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

(e) **CEO/CFO Certification**

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

(f) **Risk Management**

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

(g) **Code of Conduct**

As provided under Clause 49 of the Listing Agreement and in line with the Company's objective of following the best Corporate Governance Standards the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The code has been circulated to all the members of the Board and Senior Management and the same had been put on the Company's website www.gitanjaligroup.com. The Board Members and the Senior Management personnel have affirmed their compliance with the Code of Conduct for the year ended March 31, 2013.

B) **Compliance with non- mandatory requirements**

a) **Board**

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

b) **Remuneration Committee**

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

c) **Shareholder's Right**

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

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

d) **Audit Qualification**

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

e) **Whistle Blower Policy**

The Company has not adopted any Whistle Blower Policy. However the Company promotes ethical 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 : 30th September, 2013 at 9.00 A.M

Venue : MCA Recreation Centre RG-2, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051

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

c) Dates of Book Closure

Our register of members and share transfer books will remain closed from Saturday, 21st September, 2013 to Monday, 30th September, 2013 (both days inclusive) to determine the entitlement of shareholders to receive the final dividend as may be declared at the ensuing Annual General Meeting.

d) Dividend Payment Date

The proposed Dividend, if approved by shareholders at the ensuing Annual General Meeting will be made paid / dispatched on or after October 10, 2013.

e) Listing on Stock Exchanges

(i) Equity Shares:

- Bombay Stock Exchange Limited, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
- National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

(iii) Non Convertible Debentures

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

f) Listing Fees

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

g) Stock Code

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

h) Market Price Data

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

Stock Exchange	Bombay Stock Exchange Limited*		National Stock Exchange of India Limited*	
Month	High Rs.	Low Rs.	High Rs.	Low Rs.
April-12	351.50	317.50	348.00	316.70
May-12	327.90	297.60	327.80	296.05
June-12	309.40	296.50	308.80	273.00
July-12	335.00	301.05	335.00	301.25
August-12	360.00	320.00	359.90	320.10
September-12	358.40	335.10	358.85	335.15
October-12	408.70	343.20	408.55	343.00
November-12	499.00	392.35	498.00	321.80
December-12	541.25	462.35	541.00	451.25
January-13	614.05	520.00	614.00	522.00
February-13	617.90	522.30	618.00	510.00
March-13	621.60	540.05	621.05	542.25

*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: +91-040-2342 0818
Fax: +91-040-2342 0814
e-mail: einward.ris@karvy.com
Website: www. karvy.com

j) Debentures Trustee

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

k) Share Transfer System

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

l) Distribution of Share Holding as on March 31, 2013

No. of Shares	Shareholders		Shares held	
	Nos.	%	Nos.	%
001 to 5000	32369	96.88	1942143	2.10
5001 to 10000	482	1.44	362730	0.40
10001 to 20000	199	0.60	282196	0.31
20001 to 30000	68	0.20	174779	0.19
30001 to 40000	34	0.10	120914	0.13
40001 to 50000	25	0.07	116097	0.13
50001 to 100000	48	0.14	282877	0.30
100001 and above	186	0.57	88783755	96.44
TOTAL	**33411**	**100**	**92065491**	**100**

m) Dematerialization of equity shares

As on March 31, 2013, 689 Equity shares of the Company constituting 0.01 per cent of the share capital were held in physical form and the balance 92064802 equity shares constituting 99.99 per cent of the share capital were held in dematerialized form.

n) Liquidity

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

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

i) **Global Depository Receipts**

The Company had a balance of US$ 71690.48 from its Global Depository Receipts (GDR) proceeds as on April 1, 2012. During the year, company invested its entire balance of GDR proceeds in Company's Hong Kong based wholly owned subsidiary 'Aston Luxury Group Limited'.

ii) **Debentures**

On December 05, 2012, Company issued 1 (one) Zero Percent Fully Convertible Debenture (FCD) having face value of Rs. 39,00,00,000/- (Rupees Thirty Nine Crores only) on preferential basis to D. B. Corp Limited (DBCL). The said FCD will be compulsorily convertible into such number of equity shares with face value of Rs. 10 each at the end of 18 months from the date of allotment at a price determined as per Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009.

p) Corporate Identification Number (CIN)

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

q) Transfer of unpaid / unclaimed amount to Investor Education and Protection Fund

In terms of Section 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed and application money received and due for refund for seven years to the Investor Education and Protection Fund (IEPF) after the period of seven years. Shareholders are requested to ensure that they claim the dividend(s) from the company before transfer to the IEPF.

The cumulative amount transferred to IEPF during the financial year 2012-13 in relation to the share application money received and due for refund on account of Initial Public Offer is Rs. 22,56,935/- (Rupees Twenty two lacs fifty six thousand nine hundred and thirty five only)

Pursuant to the provisions of Investor Education and Protection Fund (IEPF), the Company has uploaded the details of unpaid and unclaimed amounts lying with the company on the Ministry of Corporate Affairs by filing e-form 5INV.

r) Plant Locations

LOCATION	ADDRESS
Mumbai	1. Plot No.61, SEEPZ, Andheri (E), Mumbai 2. Plot No.16 (Part), 17,28,29(Part),SEEPZ, Andheri (E), Mumbai 3. Plot no 131/90, Marol Co-operative Industrial Estate, M.V. Road, opp Star Audio, Marol Bhawan, Marol, Andheri (E), Mumbai – 400 059 4. Plot no 20, Marol Co-operative Industrial Estate, M.V. Road, opp Star Audio, Marol Bhawan, Marol, Andheri (E), Mumbai – 400 05
Delhi	Plant no. 52, B. Rama Road, New Delhi - 110 019.
Coimbatore	No. 56, Bharati Salai Telungupalayam Pudur Selvapuram, Coimbatore - 641 039
Surat	Diamond Part 2, 2nd & 3rd floor, opp. Savani Estate, Varachha Road, Surat - 395006
Hyderabad	Survey No.1/1, Raviryala Village Road, Maheshwaram Mandal, R.R. District, Hyderabad – 501510.
Jaipur	Basement & Ground floor, G-185, EPIP, Sitapura Industrial Area, Jaipur
China	81, 5/F, A Building, Xinya no. 123, Yinjian Road, Shiquiao Panyu, Guanshou, China
Thailand	99/29, MOO 5, Tambon Pasak, Amphur Muang, Lamphun 51000, Thailand

s) Shareholding Pattern as on March 31, 2013

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage of Shareholding
(A)	**Shareholding of Promoter and Promoter Group**			
	1) Indian			
	a) Individuals/ Hindu Undivided Family	**1**	**47,527,628**	51.62
	b) Central Government/ State Government(s)	0	0	0
	c) Bodies Corporate	**4**	**7,196,488**	7.82
	d) Financial Institutions/ Banks	0	0	0
	e) Any Other (specify)	0	0	0
	Sub-Total (A)(1)	**5**	**54,724,116**	**59.44**
	2) Foreign			
	a) Individuals (Non- Resident Individuals/ Foreign Individuals)	0	0	0
	b) Bodies Corporate	0	0	0
	c) Institutions	0	0	0
	d) Any Other (specify)	0	0	0
	Sub-Total (A)(2)	**0**	**0**	**0**
	Total Shareholding of Promoter and Promoter Group **A)= (A)(1)+(A)(2)**	**5**	**54,724,116**	**59.44**
(B)	**PUBLIC SHAREHOLDING**			
	(1). Institutions			
	a) Mutual Funds/ UTI	1	925	0
	b) Financial Institutions/ Banks	5	4,103,428	4.46
	c) Central Government/ State Government(s)	0	0	0
	d) Venture Capital Funds	0	0	0
	e)Insurance Companies	0	0	0

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage of Shareholding
	f) Foreign Institutional Investors	115	18,391,780	19.98
	g) Foreign Venture Capital Investors	0	0	0
	h) Any Other	0	0	0
	Sub-Total (B)(1)	**121**	**22,496,133**	**24.43**
	(2) Non-Institutions			
	(a) Bodies Corporate	553	10,644,839	11.56
	(b) Individuals			
	i. Individual shareholders holding nominal Share capital up to Rs.1 lakh	31395	2,717,267	2.95
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	7	146,592	0.16
	(c) Any Other(specify)			
	NRI	367	642,071	0.70
	Clearing Member	124	598,742	0.65
	Foreign Companies	0	0	0
	Trust	0	0	0
	HUF	839	95,731	0.10
	Sub-Total (B)(2)	**33285**	**14,845,242**	**16.12**
	Total Public Shareholding **(B)= (B)(1)+(B)(2)**	**33406**	**37,341,375**	**40.56**
	Total (A)+(B)	**33411**	**92,065,491**	**100**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0
	Grand Total (A)+(B)+(C)	**33411**	**92,065,491**	**100**

t) 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- 040-2342 0818
Fax: +91-040-2342 0814
E-mail: einward.ris@karvy.com
Website: www.karvy.com

General correspondence:

Gitanjali Gems Limited
A-1, 7th Floor, Laxmi Tower,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Tel: +91-022-40354600/601
Fax: +91-022-40354602
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 March 31, 2013 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 : 14th August, 2013

CERTIFICATE UNDER CLAUSE 49(V) OF LISTING AGREEMENT

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

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.

(d) We further certify that :

  (i) There was no significant change in internal control system during the year;

  (ii) There was no significant change in accounting policies during the year; and

  (iii) There was no instance of significant fraud during the year.

For Gitanjali Gems Limited

(Mehul C. Choksi)
Chairman & Managing Director

For Gitanjali Gems Limited

(Kapil Khadelwal)
Chief Financial Officer

Place: Mumbai
Date : 28th May, 2013

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

I, Mehul C. Choksi, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management as provided under Clause 49 of the Listing Agreement with the Stock exchanges. The Board Members and Senior Management have confirmed compliance with the Code of Conduct for the year ended March 31, 2013.

For GITANJALI GEMS LIMITED

Place: Mumbai
Date : 14thAugust, 2013

(Mehul C. Choksi)
Managing Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

INDUSTRY

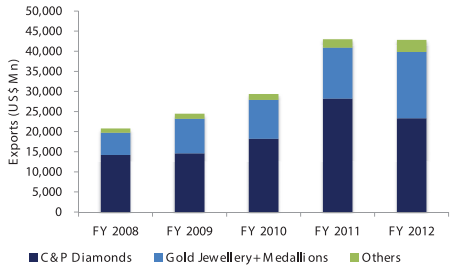
Global Gems and Jewellery Industry

Gems and Jewellery (G&J) is one of the oldest industries in the world and has gone through a transition in the last decade with the rise of emerging markets and recessionary scenario in the traditional developed markets. Among the various types of jewellery viz. gold, silver, platinum, palladium jewellery, diamond studded jewellery, gemstones etc, diamond studded jewellery accounted for the largest share of the global jewellery market, followed by plain gold jewellery. The growth in demand for diamond-studded jewellery has been due to diamond's inherent value and strong economic growth in key diamond jewellery consuming nations coupled with marketing efforts of diamond companies. Geographically, the US continues to be the largest consumer for gems and jewellery, followed by China, India, the Middle East and Japan. In Western Europe, the UK and Italy are the largest consumers and Italy is also one of the world´s largest jewellery fabrication centres. The emerging markets like China, India which have been traditional hubs of jewellery consumption, are expected to develop as the largest consumption markets for both traditional as well as branded jewellery.

Regional Trends

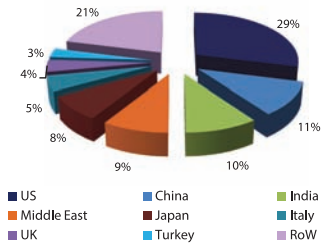
- The US jewellery market has been growing at a CAGR of 4.5% over the last 25 years while US retailers account for a major portion of worldwide sales in the industry with approximately 23,000 retailers. In the US, bridal jewellery comprises 30% of the market followed by fashion jewellery (22%), studded watches (18%), precious

India's Diamond and Gold Jewellery Exports (US$ Mn)



Source: GJEPC and CARE Research

Key World Markets for Gems & Jewellery



*RoW: - Rest of World
Source: CARE Research

stones (15%) and lastly precious metals (15%). According to the Census Bureau's economic census, diamond jewellery in US accounts for over 40% of all jewellery sales, and is a more popular commodity than yellow and white gold jewellery combined. Diamonds and diamond jewellery contribute nearly half of all specialty retail jewellers' sales in US. In fact, yellow and white gold jewellery sales have shown a steady decrease since 1992. American jewellery sales are very seasonal and are driven by regular holidays and special occasions.

- China has emerged as a prominent player in the G&J space over the last decade. Jewellery is the third most popular means of consumption in China. Unlike U.S., gold jewellery is the most preferred jewellery in China holding more than 40% share in the total Gems & Jewellery market of China.
- Japan is the third largest consumer of polished diamond and one of the leading consumers of gold, precious stones and studded jewellery in the world. But over the period, the country's jewellery consumption rate has been decreasing.
- By 2015, it is expected that India and China together will equal the US jewellery market and global Gems & Jewellery trade is expected to touch US$230 billion.

Indian Gems & Jewellery Industry

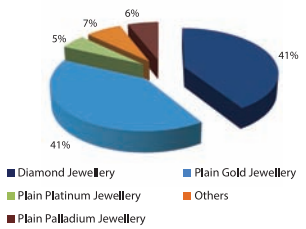
Overview

Gems and Jewellery (G&J) industry is one of the oldest industries in India. Diamonds were introduced to the world by India and it still carries the distinction of being the largest player in the cutting & polishing of diamonds. Precious metals

and stones have been an integral part of the Indian civilisation since its recorded history. In the last three to four decades, India has emerged as a prominent player in the consumption as well as export of Gems and Jewellery. G&J acquired its significance in India as it serves the dual purpose of improving aesthetics as well as investment.

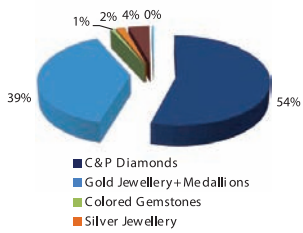
The Indian Gems and Jewellery (G&J) industry is one of the prominent industries in the country and remains primarily export driven. India is the world's largest G&J processing centre and contributed approximately 14% to the country's total merchandise exports during FY2012, while employing about 3.5 Million low-cost but highly-skilled workers. In FY2012, total exports by the G&J industry amounted to US$ 42.84 billion (Rs.2,048.2 billion), (Source: GJEPC).

Global Jewellery Segmentation by CY2015e



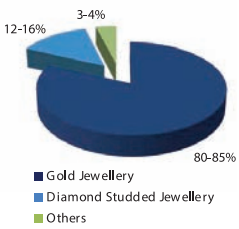
Source: CARE Research estimates

G & J Exports Composition (FY 2012)



Source: GJEPC and CARE Research

G & J Domestic Consumption (FY 2012)



Source: Industry and CARE Research

The industry is classified into 5 main segments: cut & polished (C&P) diamonds, gemstones, gold and diamond jewellery, pearl & synthetic stones & others which include precious metal jewellery (other than gold), synthetic stones and lastly costume fashion jewellery. Gold and diamond jewellery are the two major segments of the industry globally and India dominates in both of them. Of the total diamonds sold around the world, more than 90% diamonds are cut and polished in India (60% by value) because of the low-cost and highly-skilled manpower. India mainly exports C&P diamonds to regions such as UAE, Hong Kong, USA and other European countries. India continues to consume and import more gold than any other country in the world with an average of 900 tonnes per annum and it dominates in the gold jewellery fabrication business followed by Italy and China.

- Domestic jewellery in India is still centred around gold though diamond and metals like platinum and palladium are making inroads into Indian jewellery
- India gems & jewellery segment is highly fragmented with organized retail contributing close to 6% of the jewellery retail market
- Jewellery is the largest consumption item in the luxury category across income groups

Industry Characteristics

Raw Material (RM) Intensive

The G&J industry is highly raw material (RM)-intensive and with the negligible production of gold, diamonds and precious gemstones in India, almost all the domestic RM requirements are met by imports.

Labour Intensive

The G&J industry is highly labour intensive, employing about 3.5 Million people directly or indirectly. It has highly skilled and low-cost manpower with vast traditional knowledge and expertise in jewellery-making, which provides a huge fillip to the growth of the G&J industry. India has well-established capabilities in making hand-made jewellery in traditional as well as modern designs. The Indian hand-made jewellery has a large ethnic demand in various countries with a high Indian population for instance in the Middle East. With traditional hand-made jewellery, India has also progressed in using the latest technologies in diamond-processing and jewellery-making. Jewellery-making, diamond polishing and setting are high-skilled jobs. Although, machines are required to complete some part of the work, the processing is essentially labour intensive. India, with its availability of low-cost skilled labour is in an ideal position

to deliver products of good design and quality. India is, therefore, the largest country for diamond processing and gold manufacturing in the world.

Working Capital Intensive

The G&J industry is characterised by higher debtors' realisation days, higher inventory as compared to the low creditors' days, which makes the industry highly working-capital intensive. The sales are mostly in the exports market wherein companies need to provide a window of 60-90 days credit, which in certain cases extends to more than 120 days. The companies also need to maintain higher levels of RM inventory as on-the-spot availability of RMs could be difficult. Most of the loans of the G&J companies are in the nature of working-capital borrowings in order to meet their RM and trading goods purchases.

Export Oriented

India imports huge quantities of gold and rough diamonds year-on-year, and consumes most of the imported gold but exports back most of the cut and polished diamonds. India is a major exporter of cut & polished diamonds and has, in recent times, also picked up its exports of gold jewellery.

Domestic Jewellery Retail - Largely an Unorganized Sector

In India, the organised retailers account for a mere 5-6% of the total jewellery retail. This is primarily because of the buyers' preference and trust in their neighbourhood goldsmith. Even the standardisation of designs is not possible due to varying local tastes. With consumer preference for fine quality goods, branded jewellery, Hallmark certification, maturity in the jewellery market and exchange opportunity across multiple stores, organised retail share is bound to grow in the near future.

Highly Fragmented Market

- Organised retailers account for a mere 5-6% of the total jewellery retail market
- 15,000 players across the country in the gold processing industry
- 450,000 gold smiths spread across the country
- 6,000 players in the diamond-processing industry

Diamond jewellery as a % of total jewellery – Region-wise

Source: IDEX and CARE Research

Branding

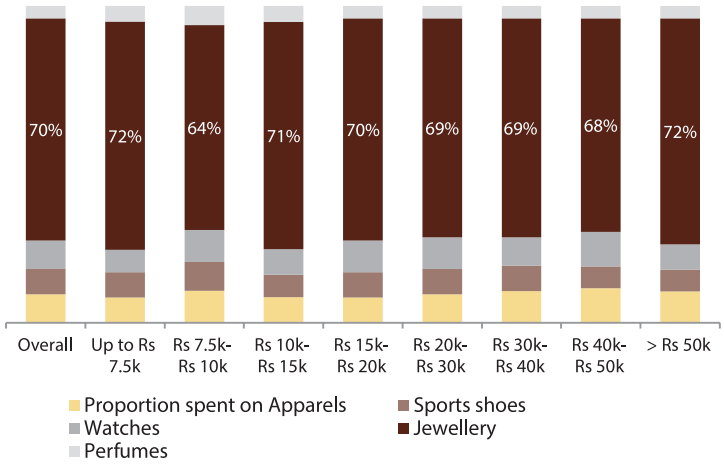
Traditionally, gold jewellery in India has been purchased because of its investment value along with aesthetic value, unlike in foreign countries where it is bought only for ornamental purposes. With changing demographics, the branding of jewellery and the retail revolution, young customers (from age groups of 20-40 years) prefer buying jewellery for fashion rather than for investments. Even the organised retailers in the sector have focused on advertisements by appointing celebrities to endorse products, organising fashion shows and exhibitions to promote growth. All these efforts will lead to a much higher growth in the branded and therefore organised jewellery market.

Growth Drivers

Drivers	Brief Description
High and Sustained Economic Growth Exposure	India's GDP is projected to grow at a rate of 6% and over the medium term inch towards 8% growth.
	The growing Indian economy has altered the proportion of income distribution amongst its populace and subsequently the consumption preferences.
	Per capita personal disposable income is expected to increase from US$3,667 in FY11 to US$4,662 in FY15. Higher disposable income has led to increase in demand for lifestyle products like jewellery from the modern retail formats.

Rapidly Growing Middle Class	By FY15, the proportion of populace in the upper middle class and rich segment is expected to surge to 34% and 17% respectively as against a 25% and 8% respectively in FY10 Increase in spending power especially among the working couples and changing life-styles have contributed to the demand for jewellery in the recent years Median age of Indian population is 27 years. Large young population makes India the hub amongst the largest number of marriages globally coupled with very high jewellery spend for marriages
Limited Organized Retail Penetration	Currently the domestic gems and jewellery market is highly fragmented across the value chain with more than 450,000 gold smiths spread across the country Modern retail players in jewellery space have only 5%-6% share of the total jewellery market but this number is expected to increase considerably in the near future due to factors like high quality product, branding and buyback policy Organised retail of jewellery thus presents a significant opportunity to benefit from the shift of unorganised to oraganised retailing and demand for high value product
Traditional Role of Gems and Jewellery in Indian Society	Precious metals, gems and even jewellery serve as an economic store of value for investment and trade For traditional Indian women, jewellery is still the most important fashion and style accessory In India gems and precious metal objects have a great astrological and religious significance Gems and jewellery are integral gift and purchase items for special occasions such as weddings, festivals and ceremonies

Jewellery Still Remains by far the Largest Spending Item in the Luxury Category Across Income Groups



Source: Broker Research

Organized Retail in India – An Overview

With the mall culture fast catching-up in tier-II and tier-III Indian cities and the organised retailers planning to capture a greater share of the growing organised retail pie through increased store presence, the growth of organised retailing is expected to be fuelled by increasing spend on discretionary segments i.e. clothing, footwear, furniture and furnishing

and entertainment, gems & jewellery. Factors such as low availability of premium mall spaces in tier-I cities compared to its easy availability in tier-II and III cities, growth in urbanisation and standard of living and availability of manpower at cheaper rates augur well for the growth of organised retailing. Most importantly the significant increase in the value of the land (and more particularly of the rural land) leading to positive wealth effect. This is what driving the demand in the tier II and III cities.

Retailing in G&J industry

With the rapid growth in the Indian retail sector reported in the last five years, the gems and jewellery industry is undergoing a gradual transformation from a 'valuable investment' to 'fashion statement'. The plain gold jewellery is giving way to diamonds, platinum, silver and other precious/ semi-precious gemstones studded jewellery. The branded retail jewellery market is growing at a robust rate and going forward, many domestic and international brands would capture substantial market size given number of factors like increased urbanizations and changing demographics. India is now beginning to move towards branded jewellery and the consumers are more comfortable with modern retail formats. As a matter of on-going practice, the masses still prefer to purchase jewellery from their tried and trusted jewellers but the constant exercise of 'branding' through advertising and other sales promotional activities has ensured steady inflow of new customers in this segment of organised retailing. India's small and independent jewellers are starting to organize themselves and expand in size to share a common brand identity and marketing strategy.

Luxury Retailing in G&J Industry

India is often touted as the major market for traditional jewellery which is often revered globally but gradually India is carving a niche for itself in the international markets for exclusive high-end jewellery which can appeal to global audiences. Going forward, the luxury jewellery exports from India and demand of luxury jewellery will grow given number of factors like talented pool of jewellery designers and artisans, low-cost but quality base and understanding the likes and dislikes of end-user market.

The Indian luxury market is expected to jump ten-fold from US$3.5 billion in 2010 to approximately US$30 billion by 2015 and a significant majority of about US$9 billion will be jewellery (Source: Solitaire Magazine - GJEPC, May 2011 issue). Also, by 2015 India and China will capture about a quarter of the global luxury market given economic growth in these two countries. In India major driver for luxury jewellery is wedding related primarily bridal jewellery which forms over 50% of jewellery sales. The other major drivers are festivals and special occasions including *Dussehra, Diwali, Akshaya Tritiya* etc which are supposed to be auspicious days to purchase gold or any other big investment.

Key jewellery retail industry demand drivers

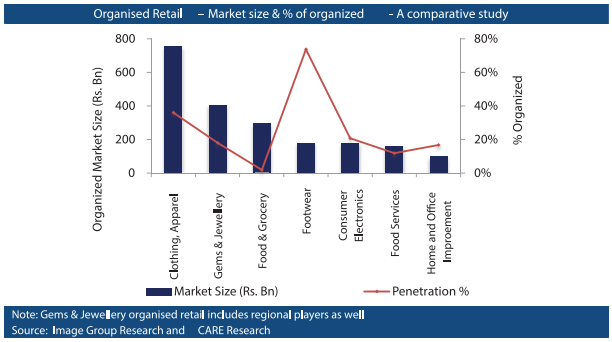
- Growth in disposable income
- Growth in High Net worth Individuals (HNI)
- Growing consumer class

Challenges to jewellery retail growth

- Limited availability of high-end real estate which is less than 3% of total retail space.
- Localization, customization and adapting to changing local tastes which is undergoing a revolution.
- Falling demand at any point in time would stall the expansion plans of organized retail players.
- Synthetic diamonds, semi-precious jewellery and other artificial jewellery sales will soon dominate jewellery as consumers become more fashion conscious and become cost conscious given record high gold prices.
- Competing luxury products may eat into jewellery sales.
- Organized G&J retailing takes a long time in building the brand and trust among consumers and has a long gestation period.

Corporate Profile

Gitanjali Gems Limited (GGL) was incorporated in 1986 to manufacture diamonds and jewellery. Gitanjali is one of the largest integrated jewellery group in India with a significant international presence. With more than four and a half decades of experience in the Indian gems and jewellery industry, the group's operations include sourcing of rough diamonds, cutting and polishing them for exports as well as for selling it in the domestic market. In addition it is engaged in manufacturing, branding and retailing of jewellery through an extensive distribution and retail network.



Gitanjali has also established a significant international presence in major global jewellery markets such as USA, Middle East, Japan, China, Singapore and Europe.

Competitive Strengths

Integrated Play

Gitanjali's vertically integrated business model has been vital to its success. Gitanjali is engaged in procuring, cutting and polishing rough diamonds. In addition, Gitanjali is also engaged in designing, manufacturing, branding distributing and retailing jewellery in India. Gitanjali's jewellery designing and manufacturing strength, its marketing capabilities and extensive distribution and retail network allow the company to optimize operational synergies and focus on maximizing margins.

Extensive Retail Footprint

Gitanjali has a well established nationwide sales and distribution network with over 4000 stores comparison of various retailers, Company-owned stores, stores set up through franchisee arrangements and shop-in-shops located in departmental stores.

Gitanjali also has a significant retail presence across the globe. This includes 104 stores of Samuels in the USA, spread across the south-west coast, a minority stake in the 3rd largest chain in Japan (Verite) and a 20% stake in IMACBC (through merger of Gems TV, One of Japan's largest jewellery selling TV channels). Gitanjali also supplies jewellery to 50 retail stores in China and is present via 50 points of sale in the Middle East.

Strong Portfolio of Renowned Brands

Gitanjali's brands are aimed at different customer profiles for various occasions, targeting various markets and price segments. We have a bouquet of 14 major Indian brands targeting Indian consumers and a collection of 4 Italian brands and 5 US brands targeting international consumers. Some of Gitanjali's prominent Indian brands are Gili, Nakshatra, Asmi, Sangini, D'Damas, Maya, Diya, Rivaaz, Parineeta, Shuddhi and Nizam. Some of Gitanjali's significant international brands include Samuels Jewelers, Schubach Jewelers, Samuels Diamonds, Rogers Jewelers and Andrews Jewelers in the United States and four key Italian brands, namely, Stefan Hafner, IoSi, Nouvelle Bague and Roberta Porrati.

Manufacturing Prowess

Gitanjali has modern facilities for diamond cutting and polishing and for jewellery manufacturing which support its exports, as well as the domestic and international distribution and retail operations. Gitanjali has its own diamond cutting and polishing facilities with a capacity to polish 4,00,000 stones per month and sophisticated jewellery designing and manufacturing facilities in India and China with a total production capacity of 235,000 pieces of finished jewellery per month.

Strong Marketing Capabilities

Gitanjali has a strong marketing and distribution network in India. As part of the marketing strategy the company engages prominent "Bollywood" celebrities as brand ambassadors to promote its key brands. To create consistent brand identities for the target customer base, the company undertakes advertising campaigns that emphasize extensive TV commercials and print advertisements.

Ability to attract and develop a highly skilled workforce

The company places strong emphasis on training the necessary talent for its operations. The diamond and the jewellery manufacturing industry requires highly skilled labour and the company has a dedicated training center at Hyderabad SEZ which presently has capacity to train up to 1,500 workers in diamond cutting and polishing and jewellery manufacturing.

Development Plans

Our strategic objective is to continue to build on our position as a leading integrated jewellery manufacturing and

retailing company. We intend to achieve this by implementing the following strategies:

Continue to grow retail operations

The group is focused on retail expansion. In particular, the major focus for growth is expected to be through the franchise model with a number of flagship stores for support. The company is aggresively penetrating Tier 2 and Tier 3 markets in India primarily through franchising. In addition, there are plans to enhance the existing retail presence in India by modernizing store displays and the overall layout of retail stores to increase brand and product visibility.

Expand market penetration for branded jewellery

The company will continue to expand the existing range of products to cater to different customers and price segments. The company will work closely with suppliers, distributors and customers and participate in jewellery fairs, trade shows and other industry forums and introduce new designs. Gitanjali plans to further develop its existing branded jewellery lines in India and internationally.

Explore growth opportunities focusing on different jewellery products

Gitanjali plans to diversify its jewellery products beyond diamond and gold jewellery to include different metals such as platinum and silver, as well as a wider variety of stones such as rubies and emeralds into jewellery designs. In addition, the company intends developing fashion jewellery lines to complement its traditional offerings and plans to expand these lines to provide a wider selection of product offerings to customers.

Develop innovative marketing strategies

In an attempt to better address changing customer preferences, the company has introduced various marketing initiatives like establishing an online sales presence through proprietary online sales platforms such as gitanjalishop.com. The company also launched an e-franchise pilot initiative under which individuals are provided with marketing materials and product samples to facilitate direct sales to customers. The company constantly seeks new opportunities to increase brand and product presence through innovative marketing strategies.

Human Capital

Gitanjali recognizes that its employees are integral to its success. The company therefore, constantly attempts, to motivate its staff through its robust HR policies like moving its rank and file through various departments in order to gain knowledge of the various processes and concurrently, to develop a mileu, that breeds professionalism and also one which is employee centric. Gitanjali helps employees nurture ambitions and progress through learning and skill development. The company has in-house training and management development programmes, workshops and constant mentoring from domain experts to stimulate motivation in employees.

Potential Risks and Concerns

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

Macro Economic Risks

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

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

Manufacturing Risks

Manufacturing risks could arise from the inability to maintain a stable operating environment. The company mitigates

this risk by operating state-of-the-art diamond cutting and polishing facilities and jewellery manufacturing units.

Competitor risks

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

Innovation risks

Innovation risks could arise from an inability to innovate which could weaken the sales cycle. Gitanjali is known for its constant innovative initiatives such as the Jewel Souk store - a multi-brand outlet, spread across 6,000 sq. ft at the Mumbai International Airport and spread across 1,000 sq. ft. at Delhi International Airport. The group also came up with country's first jewellery vending machine, which could be used for last-minute gifting. Gitanjali has also embarked upon the e-commerce platform to reach to a wider target community. The Company also kept brand interest alive through the launch of affordable, light-weight jewellery positioned as a fashion accessory targeted at college-goers. Such initiatives help Gitanjali mitigate the risk of constantly changing consumer trends.

Commodity price fluctuation risks

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

Forex risks

Forex risks could arise from the company being exposed to foreign currency fluctuations which could impact its Rupee earnings. Gitanjali imports a majority of its rough diamond requirements, however, being a net exporter of diamonds and jewellery it enjoys a natural hedge against forex fluctuations to a great extent, requiring only the net exposure to be hedged. This the company manages adequately via hedging instruments such as forward contracts, etc.

Intellectual property risks

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

Human Capital Risks

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

Corporate Performance

- Consolidated revenues grew 31% from Rs. 124,982.76 Million in 2011-12 to Rs. 164,184.96 Million in 2012-13. The revenue growth has been the result of increased jewellery demand.
- Consolidated PAT grew 22% and PBT grew 19% during the year. PBT grew from Rs. 5,235.45 Million in 2011-12 to Rs. 6,207.65 Million in 2012-13. PAT grew from Rs. 4,895.01 Million in 2011-12 to Rs. 5,952.25 Million in 2012-13. These were on account of the increased sales and the cost optimization measures undertaken by the organisation during the year.
- The Jewellery segment revenues grew from Rs. 70,074.56 Million in 2011-12 to Rs. 101,655.44 Million in 2012-13.
- The diamond segment grew from Rs. 59,443.57 Million in 2011-12 to Rs. 68,851.28 Million in 2012-13.

- Expenditures (excluding depreciation / amortisation and interest) grew by nearly 31% during the year from Rs. 116,906.98 Million to Rs. 153,706.64 Million in 2012-13. The same has been on account of an increase in the cost of trading goods and the raw materials consumed from Rs. 106,718.06 Million in 2011-12 to Rs. 141,163.26 Million in 2012-13, and on account of an increase in operating expenses from Rs. 10,188.92 Million in 2011-12 to Rs. 12,543.38 Million in 2012-13.
- The finance cost increased from Rs. 3,377.37 Million in 2011-12 to Rs. 4,613.20 Million in 2012-13 on account of an increase in long term borrowings from Rs. 6,434.86 Million in 2011-12 to Rs. 6,214.19 Million and short term borrowings from Rs. 33,000.45 Million to Rs. 46,174.41 Million in 2012-13.
- The Depreciation & Amortisation expenses increased from Rs. 294.70 Million in 2011-12 to Rs. 366.57 Million in 2012-13.
- Basic Earnings per share increased from Rs. 55.51 in 2011-12 to Rs. 64.50 in 2012-13.
- Diluted Earnings per share increased from Rs. 55.40 in 2011-12 to Rs. 64.20 in 2012-13.
- The Reserves & Surplus grew from Rs. 30,085.66 Million in 2011-12 to Rs. 36,764.55 Million in 2012-13.

Management of Working Capital

Inventories increased from Rs. 36,937.29 Million in 2011-12 to Rs. 43,473.39 Million in 2012-13.

Sundry debtors increased from Rs. 53,849.39 Million in 2011-12 to Rs. 7,1891.80 Million in 2012-13

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

Own Stores and Shop-in-shops tend to have longer inventory cycles than franchisees.

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

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

These measures include –

- Expansion via the Working Capital light Franchisee route
- Stringent receivables norms resulting in reduced debtor days
- Constant innovations in terms of design to ensure superior product lifecycle management with designs being phased out quicker
- Closure of non performing stores to rationalize costs and redistribution of the inventory

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

INDEPENDENT AUDITORS' REPORT

To

The members of Gitanjali Gems Limited

Report on the Financial Statements for the year ended 31st March, 2013

We have audited the accompanying financial statements of Gitanjali Gems Limited ("the Company") which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

iv. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and

v. on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

A.D. Shenoy
Partner
Membership No.11549

Place: Mumbai
Date: 28th May, 2013

Annexure to the Auditors' Report

[Referred to in paragraph pertaining to "Report on Other Legal and Regulatory Requirement" of our Report of even date to the members of Gitanjali Gems Limited on the financial statements for the year ended 31st March, 2013]

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
   (b) The fixed assets of the Company have been physically verified by the management at specified intervals during the year which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such verification.
   (c) During the year, the Company has not disposed off any substantial part of fixed assets so as to affect the going concern.
2. (a) The inventory has been physically verified by the management during the year and also at the year end.
   (b) The procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
3. (a) The Company has granted unsecured loans / advances to companies, firms or other parties covered in the register maintained under section 301 of the Act. The numbers of parties are nineteen and amount outstanding as at 31st March 2013 is Rs.6,447.08 Million (P.Y. Rs. 10,325.40 Million and Number of Parties: Twenty)
   (b) The above loans are interest free except in respect of one of the wholly owned subsidiary companies. In respect of the said wholly owned subsidiary company, the loan amount carries interest and the repayment is regular.
   (c) In respect of other companies, as no stipulation as to repayment of principal amounts have been mentioned, the question of repayment being regular does not arise.
   (d) The Company has taken unsecured loans from Companies, firms and other parties covered under section 301 of the Act. The number of party is one and the amount outstanding as at 31st March 2013 is Rs.48.12 Million (P.Y. Rs. 64.49 Million and Number of party: One). The said loan is interest free and there are no stipulations as to repayment hence, clauses 4 (iii) (f) & (g) do not apply.
4. (a) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
   (b) During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. (a) On the basis of our examination of the books of accounts and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
   (b) In our opinion and according to the information and explanations given to us, all the transactions made in pursuance of such contracts or arrangements entered into the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of Rupees Five Lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time, except that in respect of purchases and sales of some of the products, no comparison of prices could be made because of the unique and specialized nature of items involved and the absence of any comparable prices. We are unable to comment whether these transactions were made at prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of provisions of Section 58A and 58AA of the Companies Act, 1956.
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. We have broadly reviewed the cost accounting records maintained by the company pursuant to the Companies (cost accounting records) Rules 2011, prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 from this year. We are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether

they are accurate or complete.

9. (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, custom duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, custom duty, cess and other statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us by the Management and as per records of the Company examined by us there were no disputed dues in respect of Income Tax, Custom Duty, Wealth-tax, Excise Duty and Cess not deposited as at 31st March 2013 except in respect of service tax dues of Rs.61.99 Million pertaining to the period 2005 to 2008 in respect of Showcause cum notice demand filed with Service Tax Authorities .

10. The Company is registered for over 5 years and has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current year and immediately preceding financial year.

11. Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institutions, bank or debenture holders during the year.

12. As per the information and explanations given to us by the management, we are of the opinion that the Company has not granted loans and advances on the basis of security of pledge of shares, debentures and other securities.

13. The provisions of Clause 4 (xiii) of the Order (as amended) are not applicable as the Company is not a chit fund company or nidhi / mutual benefit fund/ society.

14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year. Hence provisions of Clause 4 (xiv) of the Order) are not applicable.

15. According to the information given to us and managements' representation, the Company has given guarantees of Rs.31,538.00 Million for the loans taken by its subsidiary companies from banks/ financial institutions.

16. The Company has not raised any new term loans during the year. The term loans outstanding at the beginning of the year have been applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and overall examination of the Balance Sheet and Cash Flow Statement of the Company we report that no funds raised on short term basis have been used for long term investments.

18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

19. The Company has outstanding non-convertible secured debentures issued to LIC, for which, as per the information and explanations given to us, the Company has already created security. During the year, the Company has issued unsecured zero % fully convertible debentures of Rs.390.00 Million on preferential basis to D.B. Corporation Limited. As the debentures issued during the year are unsecured, no security needs to be created in respect of those debentures.

20. The Company has not raised any money by public issues during the year. However the company has issued 9,43,396 equity shares of Rs. 10/- each at a premium of Rs. 414/- each on conversion of share warrants to equity shares on preferential basis. The price at which the said shares are converted is not prejudicial to the interests of the Company.

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
Membership No.11549

Place: Mumbai
Date: 28th May, 2013

Gitanjali Gems Limited
BALANCE SHEET AS AT 31ST MARCH,

(Rs. in Million)

	Note	2013	2012
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**920.65**	911.22
Reserves and Surplus	3	**27,120.70**	24,406.16
Money Received against Share Warrants	27	**-**	100.00
		28,041.35	25,417.38
Non Current Liabilities			
Long Term Borrowings	4	**6,262.31**	6,299.57
Deferred Tax Liabilities (net)	39	**19.30**	11.82
Long Term Provisions	5	**33.03**	30.65
		6,314.64	6,342.04
Current Liabilities			
Short Term Borrowings	6	**23,825.46**	18,705.39
Trade Payables	7	**26,662.19**	19,582.74
Other Current Liabilities	8	**3,719.48**	1,200.17
Short Term Provisions	9	**326.68**	319.96
		54,533.81	39,808.26
TOTAL		**88,889.80**	71,567.68
II. ASSETS			
Non Current Assets			
Fixed Assets	10		
Tangible Assets		**320.48**	290.83
Capital Work in Progress		**70.39**	90.79
Non Current Investments	11	**16,051.69**	10,225.48
Long Term Loans & Advances	12	**1,598.36**	2,099.72
Other non Current Assets	13	**1,248.26**	689.17
		19,289.18	13,395.99
Current Assets			
Inventories	14	**14,895.89**	13,554.75
Trade Receivables	15	**40,644.38**	30,771.43
Cash and Bank Balance	16	**5,507.71**	3,905.69
Short Term Loans & Advances	17	**8,552.64**	9,939.82
		69,600.62	58,171.69
TOTAL		**88,889.80**	71,567.68
Significant Accounting Policies	1		
Notes To Accounts	1 to 49		

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

As per our attached report of even date.
For **Ford, Rhodes, Parks & Co.**
Chartered Accountants
Firm Regn No : 102860W

A. D. Shenoy
M. No. 11549
Partner

Mehul C. Choksi
Managing Director

Dhanesh Sheth
Director

Pankhuri Warange
Company Secretary

Place : Mumbai
Dated : 28th May, 2013

Gitanjali Gems Limited
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH,

(Rs. in Million)

	Note	2013	2012
Revenue			
Revenue From Operations	18	**103,806.65**	77,554.71
Other Income	19	**191.22**	345.25
Total Revenue		**103,997.87**	77,899.96
Expenses			
Purchase of Raw Material & Traded Goods	20	**95,885.40**	72,398.69
Changes in Inventories	21	**(1,341.15)**	(2,500.87)
Employee Benefit Expenses	22	**238.56**	265.12
Finance Cost	23	**2,387.36**	1,879.29
Depreciation & Amortization Expenses	10	**48.79**	34.66
Other Expenses	24	**4,131.97**	3,332.93
Total Expenses		**101,350.93**	75,409.82
Profit before Exceptional and Tax		**2,646.94**	2,490.14
Exceptional Items	25	**0.98**	97.23
Profit Before Tax		**2,647.92**	2,587.37
Tax Expenses			
(1) Current Tax		**530.00**	519.00
(2) MAT Credit		**(530.00)**	(519.00)
(3) Deferred Tax		**7.49**	3.98
(4) Excess / Short Provision for Income Tax		**(11.18)**	-
Profit for the Year		**2,651.61**	2,583.39
Earning per Share :			
(1) Basic	39	**28.90**	29.43
(2) Diluted	39	**28.77**	29.37
Significant Accounting Policies	1		
Notes To Accounts	1 to 49		

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

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

As per our attached report of even date.
For **Ford, Rhodes, Parks & Co.**
Chartered Accountants
Firm Regn No : 102860W

A. D. Shenoy
M. No. 11549
Partner

Mehul C. Choksi
Managing Director

Dhanesh Sheth
Director

Pankhuri Warange
Company Secretary

Place : Mumbai
Dated : 28th May, 2013

Gitanjali Gems Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

(Rs. in Million)

Particulars	2013		2012	
CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before Tax		**2,647.92**		2,587.37
Adjustment for :				
Depreciation	**48.79**		34.66	
Interest (net)	**2,387.36**		2,509.45	
Bad Debts W/off / Provision for Doubtful Debts	**44.89**		105.53	
Gratuity & Leave Salary Provision	**2.62**		-	
Exchange (Gain)/Loss	**(881.36)**		(725.02)	
Dividend Recd.	**-**		(1.58)	
Loss on Investment W/off	**-**		35.23	
Loss / (profit) on Sale of Shares	**-**		(16.96)	
Write off of Fixed Assets	**3.18**		-	
Loss / (Profit) on sale of Fixed Assets	**(0.98)**		(115.50)	
	1,604.50		1,825.81	
Changes in Working Capital :				
(Increase)/Decrease in Inventories	**(1,341.15)**		(2,500.86)	
(Increase)/Decrease in Sundry Debtors	**(8,388.77)**		(6,907.50)	
(Increase)/Decrease in Loans & Advances	**1,937.13**		(4,338.77)	
Increase/(Decrease) in Current Liabilities / Provisions	**14,185.68**		17,069.48	
	6,392.89		3,322.35	
Income Tax Paid	**(487.29)**	**7,510.10**	(323.86)	4,824.30
CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Investments (Net)	**(5,826.21)**		(579.89)	
Receipt of Dividend	**-**		1.58	
Purchase of Fixed Assets	**(63.05)**		(73.20)	
Sale of Fixed Assets	**2.82**	**(5,886.44)**	352.87	(298.64)
CASH FLOW FROM FINANCING ACTIVITIES :				
Issue of Share Capital	**7.08**		-	
Issue of Share Warrants	**-**		100.00	
Increase in Share Premium	**292.92**		-	
Repayment of Foreign Currency Convertible Bond	**-**		(3,001.91)	
Repayment of External Commercial Borrowings	**(50.88)**		-	
Repayment of Non Convertible Debenture	**(468.75)**		-	
Proceeds of Unsecured Loans	**(16.37)**		-	
Issue of Fully Convertible Debenture	**390.00**		-	
Dividend and Dividend Tax Paid	**(321.00)**		(298.05)	

Gitanjali Gems Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

(Rs. in Million)

Particulars	2013		2012	
Interest paid (net)	**(2,502.56)**	**(2,669.56)**	(2,614.97)	(5,814.93)
Effect of exchange difference on translation of foreign currency cash and cash equivalents		**-**		0.45
Net increase/(decrease) in cash and cash equivalents		**1,602.02**		1,298.55
Cash and cash equivalents at the beginning of the year		**3,905.69**		2,607.14
Cash and cash equivalents at the end of the year		**5,507.71**		3,905.69
Components of Cash and Cash equivalents at the year end				
Balance with Banks				
In Current Accounts	**924.06**		233.93	
In Fixed Deposit Accounts	**4,579.43**		3,670.26	
		5,503.49		3,904.19
Cash on Hand		**4.22**		1.50
		5,507.71		3,905.69

Notes :

1) Cash Flow statement has been prepared under the indirect method as set out in the accounting standard 3 as per the Companies (Accounting Standards) Rule 2006.
2) Previous Year figures have been restated and regrouped wherever necessary.
3) Figures in bracket indicates outflows.
4) Balance with banks includes unclaimed dividend of Rs. 1.89 Million (Previous Year Rs. 1.20 Million)
5) Balance with banks includes application Money Due for refund of Rs. NIL (Previous Year Rs. 2.27 Million)
6) FD with banks includes deposit of Rs.253.30 Million (Previous year : Rs. 864.04 Million) with maturity of more than 12 months.

As per our attached report of even date.
For **Ford, Rhodes, Parks & Co.**
Chartered Accountants
Firm Regn No : 102860W

A. D. Shenoy
M. No. 11549
Partner

Mehul C. Choksi
Managing Director

Dhanesh Sheth
Director

Pankhuri Warange
Company Secretary

Place : Mumbai
Dated : 28th May, 2013

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

NOTE – 01

Significant Accounting Policies:

a. Basis of Preparation of Financial Statements

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

b. Use of estimates

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

c. Fixed Assets

(1) Tangible Assets:

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

(2) Leased Assets:

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

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

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

(3) Impairment of Fixed Assets:

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

d. Depreciation / Amortisation

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

e. 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.

f. Foreign Currency Transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

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

g. Revenue Recognition

1) Revenue on sale of products is recognized as and when the products are dispatched to customers or acknowledged by the customers. Sales are stated net of returns and excluding sales tax.

2) Other revenue is recognized only when it is reasonably certain that the ultimate collection will be made

h. 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

i. Employee Benefits

1) Defined Benefit Plan – Leave Salary:

The company has with effect from current year provided for liability towards leave salary based on actuarial valuation. The Company was accounting for leave salary on payment basis as per the policy of the company in the previous year. The Company's liability towards leave salary is determined on the basis of year end actuarial valuations applying the Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Statement of Profit and Loss as income or expense.

2) 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 Statement of Profit & Loss.

3) Defined Benefit Plan – Gratuity:

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

j. Borrowing Costs

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

k. Taxation

The Company is eligible for tax incentives under the Indian Taxation Laws. These incentives presently includes an exemption from payment of normal Income Tax for operation in Special Economic Zones. Income from operations in SEZ is subject to MAT. Such MAT is eligible for set off as given hereunder. The management estimates the provisions for current tax after considering such tax benefits.

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

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

Minimum Alternate Tax (MAT) credit: MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

l. 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 equity shares are deemed converted at the beginning of the year and not issued at a later date.

m. Provisions for Contingent Liabilities and Contingent Assets

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

(Rs. in Million)

	2013	2012
NOTE 2 - SHARE CAPITAL		
Authorised :		
150,000,000 Equity Shares of Rs. 10/- each (Previous year 150,000,000 Equity shares of Rs 10/-each)	**1,500.00**	1,500.00
	1,500.00	1,500.00
Issued, Subscribed & Paid up :		
9,20,65,491 (Previous Year 9,11,22,095)Equity Shares of Rs. 10 each fully paid up (Refer Note No. 26)	**920.65**	911.22
TOTAL	**920.65**	911.22
NOTE 3 - RESERVES & SURPLUS		
Capital Reserve	**312.00**	312.00
Capital Redemption Reserve	**7.93**	7.93
Share Premium Account		
Balance as per Last Balance Sheet	**12,577.17**	12,153.23
Add : Addition on account of conversion of Share Warrants	**390.57**	-
Add : Addition on account of conversion of FCCBs into shares	**-**	1,312.60
(Less) : Utilized towards premium on redemption of FCCBs	**-**	(888.66)
Closing Balance	**12,967.74**	12,577.17

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(Rs. in Million)

	2013	2012
Debenture Redemption Reserve		
Balance as per Last Balance Sheet	**750.00**	500.00
Add : Transfer from Statement of Profit & Loss	**250.00**	250.00
Closing Balance	**1,000.00**	750.00
Revaluation Reserve		
Balance as per Last Balance Sheet	**-**	122.83
(Less) : Reversal on account of sale of asset	**-**	(122.83)
Closing Balance	**-**	-
General Reserve		
Balance as per Last Balance Sheet	**1,087.83**	700.00
Add : Transfer from Statement of Profit & Loss	**270.00**	387.83
Closing Balance	**1,357.83**	1,087.83
Statement of Profit & Loss		
Balance as per Last Balance Sheet	**9,671.23**	7,920.56
Add : Surplus as per Statement of Profit & Loss	**2,651.61**	2,583.39
	12,322.84	10,503.95
Less : Appropriations		
General Reserve	**270.00**	265.00
Debenture Redemption Reserve	**250.00**	250.00
Proposed Dividend	**280.60**	273.37
Tax on Dividend	**47.04**	44.35
	847.64	832.72
Closing Balance	**11,475.20**	9,671.23
TOTAL	**27,120.70**	24,406.16

NOTE 4 - Long Term Borrowings		
Secured		
Non Convertible Debentures	**156.25**	781.25
Other Loans from Banks - ECB	**5,667.94**	5,453.83
Unsecured		
Loans & Advance from Related Parties	**48.12**	64.49
Fully Convertible Debentures (Refer Note No. 28)	**390.00**	-
TOTAL	**6,262.31**	6,299.57

NOTE 5 - Long Term Provisions		
Provision for Employee Benefits	**33.03**	30.65
(Includes provision for Gratuity & Leave Encashment) (Refer Note No. 41)		
TOTAL	**33.03**	30.65

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(Rs. in Million)

		2013	2012
NOTE 6 - Short Term Borrowings			
Secured			
Working Capital Facilities from Banks		**23,825.46**	18,705.39
	TOTAL	**23,825.46**	18,705.39
NOTE 7 - Trade Payables			
Creditors for Goods		**24,928.23**	18,885.03
Creditors for Expenses		**1,733.96**	697.71
	TOTAL	**26,662.19**	19,582.74
NOTE 8 - Other Current Liabilities			
Interest Accrued but not Due on Borrowings		**75.47**	81.45
Unpaid Dividends		**1.89**	1.20
Application Money received for Allotment of Securities and Due for Refund		**-**	2.27
Current Maturity of Long Term Debts			
Non Convertible Debentures		**625.00**	468.75
Other Loans From Banks - ECB (Refer Note No. 28)		**151.28**	-
Other Payables			
Advance Received from Customers		**2,816.59**	629.09
Statutory Liabilities		**49.25**	17.41
	TOTAL	**3,719.48**	1,200.17
NOTE 9 - Short Term Provisions			
Provision for Employee Benefits (Refer Note No. 41)		**3.54**	3.46
Provision for Others			
Provision for Proposed Dividend		**276.20**	271.79
Provision for Dividend Tax		**46.94**	44.71
	TOTAL	**326.68**	319.96

NOTES FORMING PART OF THE FINANCIAL STATEMENTS as at 31st March,

NOTE 10 - FIXED ASSETS - TANGIBLE

(Rs. in Million)

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	2012	Additions	Deductions Transfer	2013	2012	Provided for the year	Deductions Transfer	2013	2013	2012
Freehold land	81.79	-	-	**81.79**	-	-	-	-	**81.79**	81.79
Factory Building	97.34	14.90	-	**112.24**	60.25	7.55	-	**67.80**	**44.44**	37.09
Office Premises	62.31	-	-	**62.31**	11.64	2.53	-	**14.17**	**48.14**	50.67
Plant & Machinery	99.67	3.31	23.70	**79.28**	70.95	4.29	19.04	**56.20**	**23.08**	28.72
Furniture & Fixture	109.29	21.56	-	**130.85**	62.84	13.38	-	**76.22**	**54.63**	46.45
Office Equipments	18.35	3.35	1.61	**20.09**	10.28	1.98	0.17	**12.09**	**8.00**	8.07
Computers	72.31	41.42	-	**113.73**	43.89	16.91	-	**60.80**	**52.93**	28.42
Vehicles	19.62	-	-	**19.62**	12.85	1.75	-	**14.60**	**5.02**	6.77
Moulds & Master	12.98	-	-	**12.98**	10.13	0.40	-	**10.53**	**2.45**	2.85
TOTAL	**573.66**	84.54	**25.31**	**632.89**	**282.83**	**48.79**	**19.21**	**312.41**	**320.48**	290.83
Previous Year Figures	758.48	73.20	258.02	573.66	268.81	34.66	20.64	282.83	290.83	

NOTE 10 - FIXED ASSETS - CAPITAL WORK IN PROGRESS

Rs. in Million

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	2012	Additions	Deductions Transfer	2013	2012	Provided for the year	Deductions Transfer	2013	2013	2012
Capital Work-in-Progress	**90.79**	5.22	**25.62**	**70.39**	-	-	-	-	**70.39**	90.79
TOTAL	**90.79**	5.22	**25.62**	**70.39**	-	-	-	-	**70.39**	90.79
Previous Year Figures	**90.79**	-	-	**90.79**	-	-	-	-	90.79	

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(Rs. in Million)

	2013	2012
NOTE 11 - Non Current Investments		
Investment in Equity / Preference Instruments		
Domestic Subsidiaries		
99,000 Equity Shares of Rs.100/- each fully paid up of eGitanjali Limited. (Formerly Known as Mehul Impex Limited) (Previous Year : 99,000 Equity Shares)	**9.90**	9.90
1,72,50,000 Equity Shares of Rs. 10/- each fully paid up of Gitanjali Exports Corporation Limited (Previous Year : 1,28,00,000 Equity Shares)	**3,700.65**	1,698.15
1,74,91,053 Equity Shares of Rs. 5/- each of Gitanjali Brands Limited (Previous Year : 1,67,00,000 Equity Shares of Rs.5/- each)	**2,101.29**	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
NIL - 4% Non - Cumulative Reedeemable Preference Shares of Rs. 10/- each of Nakshatra Brands Limited(Formerly known as Brightest Circle Jewellery Limited (Previous Year : 1,66,666 Preference Shares)	**-**	16.67
10,18,795 - 4% Non - Cumulative Reedeemable Preference Shares of Rs. 100/- each of D'damas Jewellery (India) Private Limited (Previous Year : 10,18,795 Preference Shares)	**101.88**	101.88
10,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Jewellery Retail Limited(Formerly Known as Modali Jewels Private Limited (Previous Year 10,00,000 Equity Shares)	**8.00**	8.00
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 : 2,50,00,000 Equity Shares)	**528.00**	528.00
50,000 Equity Shares of Rs. 10/- Each of Nashik Multi Services SEZ 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
20,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Capital Limited(Previously known as Bezel India Private Limited (Previous Year : 20,00,000 Equity Shares)	**43.74**	43.74
50,000 Equity Shares of Rs. 10/- Each of Decent Securities & Finance Private Limited (Previous Year : 50,000 Equity Shares)	**0.50**	0.50
50,000 Equity Shares of Rs. 10/- Each of N & J Finstock Private Limited (Previous Year : 50,000 Equity Shares)	**0.45**	0.45
85,02,600 Equity Shares of Rs. 10/- Each of MMTC Gitanjali Limited (Previous Year : 71,33,600 Equity Shares)	**85.03**	71.34
20,00,000 Equity Shares of Rs. 10/- each of Decent Investment & Finance Limited(Previous Year : NIL)	**163.00**	-

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(Rs. in Million)

	2013	2012
Overseas Subsidiary		
200 Shares of AED 1000 each of Gitanjali Venture DMCC (Previous Year : 200 Shares)	**1,174.96**	1,174.96
100 Common Shares of Gitanjali USA Inc. (Previous Year : 100 Common Shares)	**1,066.23**	1,066.23
1960 Common Stock of USD 0.01 each of Samuels Jewelers Inc.USA (Previous Year : 1960 Common Stock)	**3,180.14**	3,180.14
29,071,690 Shares of USD 1 each of Aston Luxury Group Limited (Previous Year : 10000 shares)	**1,475.17**	0.50
Add : Advance Towards Share Capital	**-**	1,471.02
Advance towards subscription to 9% Non-Cumulative Redeemable Preference Shares of Subsidiary		
Gitanjali Brands Limited	**760.00**	-
Step Down Subsidiaries		
Asmi Jewellery India Limited	**450.00**	-
Gili India Limited	**250.00**	-
Nakshatra Brands Limited	**400.00**	-
Others		
Share App. Money - Gitanjali Jewellery Retail Limited	**1.25**	1.25
10,00,000 Equity Shares of Diamond India Limited of Rs.10 each (paid up Rs.5/-) (Previous Year : 10,00,000 Shares)	**50.00**	50.00
25 Equity Shares of Rs. 25/- each of Shamrao Vithal Co-Op. Bank Limited (Previous Year : 25 Shares)	**0.00**	0.00
TOTAL	**16,051.69**	10,225.48

* Refer Note No. 31

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(Rs. in Million)

		2013	2012
NOTE 12 - Long Term Loans & Advances			
Unsecured, Considered Good			
Advances recoverable in cash		**852.75**	697.53
Security Deposits		**745.61**	202.19
Loans & Advance to Related Parties		**-**	1,200.00
	TOTAL	**1,598.36**	2,099.72
NOTE 13 - Other Non Current Assets			
Service Tax Receivable		**4.16**	3.89
Income Tax - Tax deducted at source		**907.92**	409.45
Staff Advances		**3.60**	9.76
Prepaid Expenses		**332.58**	266.07
	TOTAL	**1,248.26**	689.17
NOTE 14 - Inventories			
Raw Materials		**10,165.99**	7,986.11
Work in Progress		**41.25**	194.17
Finished Goods		**3,668.31**	3,145.20
Trading Goods		**1,020.34**	2,229.27
	TOTAL	**14,895.89**	13,554.75
NOTE 15 - Trade Receivables			
(Unsecured, Considered Good)			
Outstanding for more than six months		**13,136.93**	8,191.22
Outstanding for more than six months Considered Doubtful		**52.93**	7.69
		13,189.86	8,198.91
Outstanding for Less than six months		**25,793.61**	21,007.26
Exports Receivables Translation Control Account		**1,713.84**	1,572.95
		40,697.31	30,779.12
Less: Provision for doubtful debts		**52.93**	7.69
(Refer Note No. 36)			
	TOTAL	**40,644.38**	30,771.43
NOTE 16 - Cash and Bank Balances			
Cash and Cash Equivalents			
Balances with Banks		**924.06**	233.93
Cash on Hand		**4.22**	1.50
		928.28	235.43
Other Bank Balances			
Fixed Deposit / Margin Money		**4,579.43**	3,670.26
	TOTAL	**5,507.71**	3,905.69

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(Rs. in Million)

		2013	2012
NOTE 17 - Short Term Loans & Advances			
Advances Recoverable in Cash or Kind			
Advances to Suppliers (Refer Note No. 37)		**2,101.42**	807.74
Loans & Advance to Related Parties (Refer Note No. 47)		**6,451.22**	9,132.08
	TOTAL	**8,552.64**	9,939.82
NOTE 18 - Revenue from Operations			
Exports (Including Deemed Exports)			
Diamonds		**21,745.91**	25,525.07
Jewellery		**9,795.71**	9,100.88
		31,541.62	34,625.95
Local			
Diamonds		**22,418.14**	12,687.19
Jewellery		**49,846.89**	30,241.57
		72,265.03	42,928.76
	TOTAL	**103,806.65**	77,554.71
NOTE 19 - Other Income			
Dividend Income		**0.21**	1.58
Gain/Loss On Redemption Of Mutual Fund (Net)		**-**	0.73
Exchange Difference Gain (Net)		**191.01**	342.94
	TOTAL	**191.22**	345.25
NOTE 20 - Purchase of Raw Material & Traded Goods			
Diamonds		**45,192.72**	38,090.93
Jewellery		**50,692.68**	34,307.76
(Refer Note No. 32) **TOTAL**		**95,885.40**	72,398.69
NOTE 21 - Changes in Inventory			
Opening Stock			
Diamonds		**12,199.89**	10,476.24
Jewellery		**1,354.85**	577.63
		13,554.74	11,053.87
Less : Closing Stock			
Diamonds		**13,594.92**	12,199.89
Jewellery		**1,300.97**	1,354.85
		14,895.89	13,554.74
Net (Increase) / Decrease in Inventory TOTAL		**(1,341.15)**	(2,500.87)
NOTE 22 - Employee Benefit Expense			
Payment to and Provision for Employees			
Salary, Bonus & Allowances		**224.10**	239.91
Contribution To P.F. & Other Funds		**6.94**	7.52
Staff Welfare		**4.90**	4.93
Gratuity		**2.62**	12.76
	TOTAL	**238.56**	265.12

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(Rs. in Million)

	2013	2012
NOTE 23 - Finance Cost		
Bank Interest (Net) (Refer Note No. 35)	**2,024.11**	1,501.08
Other expenses	**363.25**	378.21
TOTAL	**2,387.36**	1,879.29
NOTE 24 - Other Expenses		
Labour Charges	**1,606.27**	1,586.29
Custom Duty	**886.57**	153.38
Octroi	**21.94**	6.36
Packing Materials Consumed	**0.43**	1.21
Advertisement	**571.99**	709.72
Event, Exhibition & Business Promotion Expenses	**27.12**	17.08
Auditor's Remuneration	**2.95**	2.70
Bad Debts W/off	**44.89**	105.53
Bank Commission	**394.14**	355.86
Commission & Assortment Charges	**21.30**	17.14
Computer Expenses	**4.59**	3.43
Consumable Expenses	**10.27**	11.71
Donation	**19.78**	9.65
E.C.G.C. Premium	**37.40**	33.54
Electricity Charges	**19.20**	15.80
Export Sales Charges	**18.45**	18.59
Fixed Assets W/off	**1.75**	3.10
Foreign Travelling Expenses	**34.53**	31.93
Import Expenses	**5.14**	12.89
Insurance	**48.71**	5.11
Legal, Professional And Service Charges	**165.01**	95.48
Local Travelling Expenses	**21.86**	21.40
Membership/Subscription	**3.60**	2.44
Postage & Angadia Expenses	**1.54**	1.73
Printing & Stationery	**5.10**	9.15
Rent, Rates & Taxes	**67.52**	36.06
Repairs & Maintenance - Others	**1.72**	7.11
Repairs & Maintenance - Plant & Machinery	**1.09**	1.20
Security Service Charges	**7.47**	5.01
Telephone Expenses	**4.85**	4.64
Miscellaneous Expenses	**74.79**	47.69
TOTAL	**4,131.97**	3,332.93
NOTE 25 - Exceptional Item		
Profit on Sale of Fixed Assets	**0.98**	115.50
Gain on Sale of Shares	**-**	16.96
Write off of Investments	**-**	(35.23)
TOTAL	**0.98**	97.23

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

NOTE 26

a. SHARE CAPITAL

Details of Authorised, Issued, Subscribed and Paid up Capital

	2013		2012	
	Number	**(Rs. in Million)**	**Number**	**(Rs. in Million)**
Share Capital				
Authorised				
Equity Shares of Rs.10/- each.	**150,000,000**	**1,500.00**	150,000,000	1,500.00
Issued Subscribed & Paid up				
Equity Shares of Rs.10/- each	**92,065,491**	**920.65**	91,122,095	911.22

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

Particulars	**2013 Equity Shares Number**	**2012 Equity Shares Number**
Shares outstanding at the beginning of the year	**91,122,095**	84,871,598
ADD: Shares Issued during the year on conversion of FCCB	**-**	6,250,497
ADD: Shares Issued during the year on conversion of Share Warrants	**943,396**	-
LESS: Shares bought back during the year	**-**	-
Shares outstanding at the end of the year	**92,065,491**	91,122,095

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

d. Rights, Preferences and Restriction of Share holders

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

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

	2013		2012	
Name of Share holder	**No. of Shares held**	**% of Holding**	**No. of Shares held**	**% of Holding**
Mr. Mehul C Choksi	47,527,628	51.62%	43,325,031	47.55 %

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

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

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

iii) Issue of bonus shares –NIL.

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

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

i. Security convertible into equity shares : The company has allotted 1 (one) Zero percent unsecured Fully Convertible Debentures (FCDs) having face value of Rs. 390.00 Million on a preferential basis to D.B Corp Limited. The said FCD will be compulsorily Convertible into such number of equity shares with face value of Rs. 10/- each at the end of 18 months from the date of allotment at a price determined as per SEBI (ICDR) Regulations, 2009.

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

NOTE 27

Conversion of Warrants

During the previous year the company issued 943,396 warrants convertible into equal number of equity shares on preferential basis at a price of Rs. 424/- per warrant to Bennett Coleman & Co. On 4th August, 2012, the Company allotted 943,396 shares of Rs. 10/- each on conversion of Share Warrants. Consequently paid up Share Capital of the Company increased from Rs. 9,11,220,950/- to Rs. 920,654,910/- consisting of 92,065,491 equity shares of Rs. 10/- each fully paid up.

NOTE 28

Borrowings:

a. Non Convertible Debentures:

On 22nd June, 2009, the company issued 12% secured redeemable non convertible debentures of Rs. 1250.00 Million to LIC of India. The tenure of the debentures is five years (maturity date: 21st June, 2014) and are redeemable in eight equal quarterly installments with initial moratorium of three years. The said debentures are secured by first pari passu charge over immoveable properties in Hyderabad (A.P.) belonging to one of the wholly owned subsidiary. During the year, the company has transferred Rs. 250.00 Million to Debenture Redemption Reserve (DRR) and cumulative balance in DRR account is Rs. 1000.00 Million. Balance as at 31st March, 2013 is Rs. 781.25 Million, out of which Rs. 625.00 Million is due in one year and shown under Short Term Borrowings.

b. Convertible Debentures :

The company has on 05th December, 2012 allotted 1 (one) Zero percent unsecured Fully Convertible Debentures (FCDs) having face value of Rs. 390.00 Million on a preferential basis to D.B Corp Limited. The said FCD will be compulsorily Convertible into such number of equity shares with face value of Rs. 10/- each at the end of 18 months from the date of allotment at a price determined as per SEBI (ICDR) Regulations, 2009.

c. GDR :

Unutilised GDR proceeds of USD 0.072 Million has been utilized towards investment in overseas subsidiaries during the year, as per objects of the issue.

d. External Commercial Borrowings(ECB):

In Financial year 2011-12, Company raised funds through ECBs route from banks aggregating to USD 107.19 Million.

The loans are repayable in installments spread over 5 years and carries interest ranging from 4.50% to 4.90% plus 6 months USD libor. Final repayments are due in March 2018 and December 2018.

The said ECBs are secured by first pari passu charge over certain immoveable properties of subsidiaries and second charge on the company's assets namely raw materials, stock in progress, finished goods and all book debts, movable plant and machinery, consumable stores and store and spares both present and future.

Out of above ECB proceeds, USD 57.19 Million was utilised to redeem the outstanding FCCBs and balance USD 50 Million was utilized towards capital expenditure in SEZ unit at Hyderabad and investment in overseas subsidiaries.

e. Working capital borrowings from Banks/ Financial Institution are secured against mortgage of certain immoveable properties of the company and its subsidiaries and hypothecation by way of a first charge on all the present and future goods, movable assets, vehicles, furniture, stock-in–trade, fixed deposits, book debts alongwith personal guarantee of the Managing Director. The facility carries interest ranging from 5% to 14.50%.

Trade payable includes Rs 16,310.19 Million (Previous Year Rs. 11,401.52 Million) payable to bank under purchase arrangement for Gold. This facility is secured against Bank Guarantee to the tune of Rs 16,565.96 Million (Previous year Rs. 12,567.02 Million) and margin money. This facility carries interest ranging from 2.25% to 6.25%.

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

NOTE 29

Contingent Liabilities not provided in respect of

a. Corporate Guarantees given by the Company to the extent of **Rs. 31,538.00 Million** (Previous year: Rs.24,873.40 Million) for Working capital facilities availed by its subsidiaries.

b. Outstanding Letter of Credit : **Rs.NIL** (Previous year : Rs.955.48 Million)

NOTE 30

Claims against the company not acknowledged as debt:

a. Disputed Income Tax : **NIL** (Previous Year: Rs.173.05 Million)

The company's income tax assessments are completed upto Ay. 2007-08. The Company had filed appeals against the assessment orders and the said appeals were decided in favour of the company. However, orders giving effect of tribunal order is yet to be received.

b. Disputed Service Tax : Rs. 61.99 Million (Previous Year : Rs.43.63 Million)

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

NOTE 31

Investments in Subsidiaries :

a. During the year, the company made following investment in Subsidiaries :-

Name of the subsidiary	Amount (Rs. In Million)
Gitanjali Exports Corporation Limited	2,002.50
Gitanjali Brands Limited	1,800.04
MMTC Gitanjali Limited	13.69

b. Company has made advance towards subscription to 9% Non- Cumulative Redeemable Preference Shares of a subsidiary and 3 step down subsidiaries as under :-

Name of the Company	Relationship	FV	Premium Rs.	No. of Shares	Amount (Rs. in Million)
Asmi Jewellery India Limited	Step down subsidiary	10	1509.00	296,248	450.00
Gili India Limited	Step down subsidiary	10	270.00	892,857	250.00
Nakshatra Brands Limited	Step down subsidiary	10	573.00	686,106	400.00
Gitanjali Brands Limited	Subsidiary	5	2270.50	333,992	760.00

Pending necessary formalities at year end, the subsidiary / subsidiaries are yet to allot / issue Preference shares. As such the amount is shown under 'Investment' as 'Advance towards Share Application'.

c. During the year, the company acquired Decent Investment and Finance Limited for Rs. 163.00 Million.

d. The Company has given in previous year USD 29.00 Million and in current year USD 0.072 Million as advance towards share capital to Aston Luxury Group Limited,(wholly owned subsidiary company). During the current year against above advance towards share capital Aston Luxury Group Limited, allotted 29,061,690 equity shares of USD 1/- each fully paid up.

Disinvestment:

1. During the year, the company received back Rs. 16.67 Million from Nakshatra Brands Limited being step down subsidiary on account of redemption of Non-Convertible Redeemable Preference Shares held with them.

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

2. As part of restructuring of overseas subsidiaries, the company has plans of disinvestment in equity share of three of the foreign subsidiaries to its other group company namely Aston Luxury Group Limited On signing unbinding term sheet the company has received part payment. The above restructuring is subject to approval by Financial Institutions. Pending necessary approval from financial institutions, the amount received as part consideration of USD 6.44 Million has been kept in Other Current liabilities.

NOTE – 32:

Purchase of Raw Material and Traded Goods:

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

NOTE – 33:

The Income Tax Department had conducted search / survey at group companies' level during the Financial Year 2011-12. The Company has received notice u/s 153A of Income Tax Act, 1961 in consequence of search / survey. The company has in compliance with the above notice, submitted necessary documents and replies to the income tax department. However till the date of signing the financial statement, no order have been received.

NOTE – 34:

Particulars of Remuneration to Managing Directors & Executive Director during the year

(Rs. in Million)

	Current Year	Previous Year
Managing Director	**4.80**	4.80
Executive Director	**3.96**	-

The remuneration to managing director was revised as per resolution passed in Annual General Meeting held on 28th September, 2012. However, the managing director appealed to postpone the increment to be made effective from next financial year. Accordingly during the year the remuneration has been paid as per existing approval and revised remuneration will be effective from 01st April, 2013. The computation of net profit under section 198 / 349 of the Companies Act, 1956 has not been given since no commission is paid / payable to any directors in the current year.

NOTE – 35:

Interest received during the year was **Rs.419.77 Million** (Previous Year Rs. 327.78 Million) and Tax Deducted at Source from interest income was Rs.**51.33 Million** for the year ended 31st March 2013. (Previous Year Rs.38.99 Million). Bank Interest shown in Statement of Profit and Loss is net of Interest received.

NOTE – 36:

Trade Receivable

a. Trade Receivable as on 31st March, 2013 includes Rs.**NIL** (Previous year Rs.22.54 Million) due from concerns in which Directors are interested as Directors/Partners.

b. Trade Receivable as on 31st March, 2013 includes **Rs.4,052.24 Million** (Previous year Rs.3,168.23 Million) due from Associates.

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

NOTE – 37:

Loans and Advances

a. Advances to suppliers includes **Rs.1,559.81 Million** (Previous year Rs.470.54 Million) given to concerns in which Directors are interested as Directors/Members/Partners.

b. Advances to suppliers includes Rs.**0.75 Million** (Previous year: Rs.0.75 Million) given to Associates.

NOTE – 38:

Remuneration to Auditors (Rs. in Million)

Particulars	**2013**	2012
a) Audit Fees	**2.35**	2.15
b) Tax Audit Fees	**0.27**	0.25
c) Service Tax	**0.32**	0.30
Total	**2.94**	2.70

NOTE – 39:

Earning per share (after Tax provision)

	2013	2012
Net profit for the period attributable to equity shareholders (Rs. In Million)	**2,651.61**	2,583.38
Weighted Average No. of Equity shares outstanding during the year (Nos.)	**91,742,410**	87,780,657
Basic earnings per share	**Rs. 28.90**	Rs. 29.43
Weighted average number of Diluted equity Shares (Nos.)	**92,167,694**	87,955,933
Diluted earnings per share (Face value of Rs.10 each)	**Rs. 28.77**	Rs. 29.37

NOTE – 40:

Deferred Tax Assets & Liabilities as on 31st March 2013 are as under:

(Rs. in Million)

	2013	2012
Deferred Tax (Liability)		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**(20.05)**	(15.96)
Gross Deferred Tax (Liability)	**(20.05)**	(15.96)
Deferred Tax Asset		
Provision for Retirement Benefits	**0.75**	4.14
Gross Deferred Tax Asset	**0.75**	4.14
Net Deferred Tax Asset/(Liability)	**(19.30)**	(11.82)

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

NOTE – 41:

Gratuity

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

		2013	2012
a.	**Assumptions**		
	Discount Rate Previous	**8.06%**	8.25 %
	Salary Escalation Previous	**7.00%**	6.00 %
	Attrition Rate Previous Year	**7.00%**	2.00 %
	Discount Rate Current	**8.06%**	6.00 %
	Salary Escalation Current	**7.00%**	6.00 %
	Attrition Rate Current	**7.00%**	2.00 %

			(Rs. in Million)
b.	**Table Showing Change in Benefit Obligation**		
	Liability at the beginning of the year	**29.52**	17.68
	Interest Cost	**2.32**	1.46
	Current Service Cost	**5.94**	6.30
	Past Service Cost (Non Vested Benefit)	**-**	-
	Past Service Cost (Vested Benefit)	**-**	-
	Liability Transfer in	**-**	-
	Liability transfer out	**-**	-
	Benefit Paid	**(1.58)**	(0.91)
	Actuarial (gain)/loss on obligations	**(5.64)**	5.00
	Liability at the end of the year	**30.01**	29.52

c.	**Recognition of Transitional Liability**		
	Transition Liability at start	**-**	-
	Transition Liability recognised during the year	**-**	-
	Transition Liability at end	**-**	-

d.	**Amount Recognized in the Balance Sheet**		
	Liability at the end of the year	**30.01**	29.52
	Fair Value of Plan Assets at the end of the year	**-**	-
	Difference	**(30.01)**	(29.52)
	Unrecognised Past Service Cost	**-**	-
	Unrecognised Transition Liability	**-**	-
	Amount Recognised in the Balance Sheet	**(30.01)**	(29.52)

e.	**Expenses Recognised in the Income Statement**		
	Current Service Cost	**5.94**	6.30
	Interest Cost	**2.32**	1,46
	Expected Return on Plan Assets	**-**	-

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

	2013	2012
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Recognition of Transition Liability	-	-
Actuarial (Gain) or Loss	**(5.64)**	5,00
Expense Recognised in Profit & Loss Account	**3.16**	12.76

f.	**Balance Sheet Reconciliation**		
	Opening Net Liability	**29.52**	17.68
	Expense as above	**2.62**	12.76
	Employers Contribution	**(1.58)**	(0.91)
	Amount Recognised in Balance Sheet	**30.01**	29.52

g.	**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 by the		
	Company which is in line with the industry practice		
	Considering promotion and demand and supply of the Employees		
	Number of Members	**535**	634
	Salary Per Month	**11.14**	15.75
	Contribution for next year	-	-

h.	**Experience Adjustment**		
	On Plan Liability Gain / (Loss)		(0.06)

NOTE – 42:

Segment Reporting (Accounting Standard –17)

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

NOTE –43:

Related Party Transaction (Accounting Standard -18) - (Refer to Annexure – II)

NOTE – 44:

Impairment of Assets

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

NOTE – 45:

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.

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

ii. Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 24 and are net of recoveries from group companies.

iii. The future minimum lease payments under non-cancelable operating lease :

a. not later than one year Rs. 52.98 Million (Previous year : Rs. 68.73 Million)

b. later than one year and not later than five years Rs. 208.31 Million (Previous year: Rs.283.41 Million)

c. More than five years Rs. 245.04 Million (Previous year : Rs. 216.22 Million)

NOTE – 46:

Value of import on CIF basis (Rs. In Million)

Particulars	**2013**	2012
Diamonds & Jewellery	**40,447.75**	25,197.67

Expenditure in foreign currency

Particulars	**2013**	2012
Foreign travelling	**34.53**	10.37
Others	**504.03**	205.22
Total	**538.56**	194.24

Earnings in foreign currency

Particulars	**2013**	2012
FOB value of exports	**31,526.76**	34,578.56
Interest on FDR	**-**	0.26

Disclosure of Foreign Currency Exposures:

The details of outstanding foreign currency exposure of the company as at March 31, 2013 are as under:

Particulars	**2013**	2012
	USD (In Million)	**USD (In Million)**
Debtors – covered by Forward Contract	**32.63**	184.43
Debtors – uncovered	**351.32**	339.95
Creditors – covered by Forward Contract	**17.70**	2.02
Creditors – uncovered	**272.75**	218.67
ECB – uncovered	**106.19**	107.19
Bank Facility - uncovered	**109.13**	78.98
Bank Balance - uncovered	**0.00**	0.07

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

NOTE – 47:

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

(Rs. In Million)

Name of the Company	**Amount outstanding as at 31st March, 2013**	**Maximum out standing during the year**
Decent Securities & Finance Private Limited	**92.70**	95.23
Eureka Finstock Private Limited	**109.97**	112.25
Gitanjali Exports Corporation Limited	**1,315.64**	7,521.39

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

Name of the Company	Amount outstanding as at 31st March, 2013	Maximum out standing during the year
Gitanjali Infratech Limited	**1,158.48**	1,158.48
Gitanjali Jewellery Retail Limited	**1,109.21**	1,191.63
Gitanjali Lifestyle Limited	**1,275.27**	2,277.90
Gitanjali USA INC	**0.91**	0.91
Gitanjali Ventures DMCC	**0.44**	0.44
Hyderabad Gems SEZ Limited	**633.21**	884.35
eGitanjali Limited(Formarlly known as Mehul Impex Limited)	**31.86**	273.11
MMTC Gitanjali Limited	**65.90**	76.49
Decent Investment & Finance Private Limited	**27.15**	27.15
Mobilnext Teleservices Private Limited	**13.15**	13.15
N & J Finstocks Private Limited	**203.14**	203.14
Nasik Multi Services SEZ Limited	**81.65**	81.65
Maya Retail Limited	**239.10**	245.88
Spectrum Jewellery Limited	**63.79**	71.70
Tri Star Worldwide LLC	**25.44**	25.44

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

The above statement excludes:

Rs. 4.13 Million advanced to the subsidiary companies by way of trade advance.

NOTE – 48:

a) Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). The auditors have relied on the management's information.

b) To the extent information available with the company, the company does not owe any sum to small scale industrial unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951.The Auditors have relied on management's information.

c) There is no amount due and outstanding towards Investor Education and Protection Fund.

NOTE – 49:

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

As per our attached report of even date.
For **Ford, Rhodes, Parks & Co.**
Chartered Accountants
Firm Regn No : 102860W

A. D. Shenoy
M. No. 11549
Partner

Mehul C. Choksi
Managing Director

Dhanesh Sheth
Director

Pankhuri Warange
Company Secretary

Place : Mumbai
Dated : 28th May, 2013

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

Annexure - I
Segmentwise Reporting Revenue, Results and Capital Employed

(Rs. in Million)

	2013	2012
A) Primary Segment (By Business Segment)		
Particulars		
1. Segment Revenue		
a. Segment - Diamond	**44,696.99**	39,079.16
b. Segment - Jewellery	**59,642.60**	39,365.80
Total	**104,339.59**	78,444.96
Less: Inter Segment sales	**532.94**	890.25
Net Sales	**103,806.65**	**77,554.71**
2. Segment Results		
Profit/(Loss) before Tax and interest from each segment		
a. Segment - Diamond	**1,074.80**	1,573.91
b. Segment - Jewellery	**3,959.50**	2,795.52
	5,034.30	4,369.43
Less: Finance Cost	**2,387.36**	1,879.29
Total Profit Before Exceptional Item & Tax	**2,646.94**	**2,490.14**
3. Capital Employed		
a. Segment - Diamond	**4,229.07**	9,638.46
b. Segment - Jewellery	**7,484.85**	5,954.86
c. Unallocated net assets	**16,327.43**	9,824.06
Total Capital Employed	**28,041.35**	**25,417.38**
B) Secondary Segment (By Geographical Segment)		
Segment Revenue		
India	**72,265.03**	42,928.75
Rest of the world	**31,541.62**	34,625.96
Total Revenue	**103,806.65**	**77,554.71**

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

Annexure - I I

Related Party Disclosures as per AS 18.

(A) Particulars of Enterprises Controlled By The Company where there are transactions

Name of Related Party	Relationship
eGitanjali Limited(Formerly known as Mehul Impex Limited)	Subsidiary
Gitanjali Exports Corporation Limited	Subsidiary
Gitanjali Brands Limited(Formerly known as Fantasy Jewellery Private Limited)	Subsidiary
Hyderabad Gems SEZ Limited	Subsidiary
Gitanjali Infratech Limited	Subsidiary
Gitanjali Lifestyle Limited	Subsidiary
Gitanjali Jewellery Retail Limited	Subsidiary
Nashik Multi Services SEZ Limited	Subsidiary
Gitanjali Ventures DMCC	Subsidiary
Samuels Jewelers Inc.	Subsidiary
Gitanjali USA Inc.	Subsidiary
MMTC Gitanjali Limited	Subsidiary
Decent Securities & Finance Private Limited	Subsidiary
Eureka Finstock Private Limited	Subsidiary
Gitanjali Capital Private Limited (Formerly known as Bezel India Private Limited)	Subsidiary
N and J Finstock Private Limited	Subsidiary
Decent Investment & Finance Private Limited	Subsidiary
Aston Luxury Group Limited	Subsidiary
Tri-Star Worldwide LLC	Step Down Subsidiary
Shubhlavanyaa Jewel crafts Private Limited	Step Down Subsidiary
Asmi Jewellery India Limited	Step Down Subsidiary
Gili India Limited	Step Down Subsidiary
D'Damas Jewellery (India) Private Limited	Step Down Subsidiary
Nakshatra Brands Limited(Formerly known as Brightest Circle Jewellery Limited)	Step Down Subsidiary
Spectrum Jewellery Limited	Step Down Subsidiary
Mobilenxt Teleservices Private Limited	Step Down Subsidiary
Maya Retail Limited	Step Down Subsidiary
Diamlink Inc	Step Down Subsidiary
Alfred Terry Limited (Formerly Alfred Terry Holdings Limited)	Step Down Subsidiary
LJOW Holdings, LLC	Step Down Subsidiary
Gitanjali Resources BVBA	Step Down Subsidiary
GGL Diamond LLC	Step Down Subsidiary
Leading Jewels of Japan K.K.	Step Down Subsidiary
Leading Italian Jewels (Singapore) PTE Limited	Step Down Subsidiary
Blu SRL	Step Down Subsidiary
Leading Italian Jewels SRL	Step Down Subsidiary
Aston Diamond Resources SA Proprietary Limited	Step Down Subsidiary
Abbeycrest (Thailand) Limited	Step Down Subsidiary
Diamlink Jewellery Inc	Step Down Subsidiary
Jewelery Marketing Company LLC	Step Down Subsidiary
Crown Aim Limited	Step Down Subsidiary

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(B) Particulars of Key Management Personnel

Name of Related Party	Relationship
Mr. Mehul C.Choksi	Managing Director
Mr. Sunil B. Varma	Whole time Director
Mr. Dhanesh V.Sheth	Director
Mr. Nehal Modi	Director
Mr. Sujal Shah	Independent Director
Mr. S.Krishnan	Independent Director
Mr. Nitin Potdar	Independent Director
Mr. M.Sundarajan Mittur	Independent Director

(C) Particulars of Enterprises Under Common Control of The Key Management Personnel where there are transactions

Name of Related Party

Priyanka Gems Private Limited

Partha Gems L.L.P.

Lustre Industries Private Limited (Formerly known as Lustre Manufactures Private Limited)

Rohan Diamonds Private Limited

Evergold Jewels Private Limited (Formerly known as Trans Expo Trade Private Limited)

The Next Diamond Company

Mozart Trading Private Limited (Formerly known as Mozart Investment Private Limited)

Gitanjali Gold & Precious Limited

Touchstone

Diamond Creations

Diminco Diamond India Private Limited (Formerly known as Prism Bullion Private Limited)

Mast Jewellery Distributions Private Limited

Verite Co. Limited

(D) Particulars of Enterprises Controlled by Relatives of Key Management Personnel where There Are Transactions

Diminco N. V.

Ivida Technologies Private Limited

(E) Particulars of Relatives of Key Management Personnel where there are Transactions

Priti M. Choksi

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(F)	**Particulars of Transactions with Parties Referred to in (A) Above**	(Rs. in Million)
	Purchases	11,124.62
	Purchases Return	3.04
	Labour Charges Paid	1.58
	Sales	21,152.58
	Interest Received	9.59
	Sales Incentives	5.03
	Advances given(Net)	1,097.75
	Advances given received back	3,564.75
	Advance Received(Net)	2,344.40
	Advance Received Given Back	1.12
	Investments	7,313.90
	Reimbursement of Expenses	22.97
	Expenses Recovered	494.20
	Rent Paid	31.99
	Amount outstanding shown under Trade Payable	1,356.88
	Amount outstanding shown under Trade Receivable	4,095.01
	Amount outstanding shown under Advance to Subsidiary Co.	6,451.22
	Amount outstanding shown under Advance from Customer	2,689.37
	Corporate Guarantees given to the bankers for Letter of Credit facility	31,538.00
(G)	**Particulars of Transactions with Parties Referred to in (B) above**	
	Salary and other payments	8.76
	Sales	13.87
	Loan returned	18.03
	Amount outstanding shown under Unsecured Loans	48.12
(H)	**Particulars of Transactions with Parties Referred to in (C) above**	
	Labour Charges Paid	140.06
	Amount Outstanding Shown Under Trade Payable	131.46
	Advances given(Net)	1,095.94
	Advances given received back	9.25
	Advances received	8.57
	Advances received Given back	293.73
	Expenses Recovered	0.00
	Amount outstanding shown under Trade Receivable	0.11
	Amount outstanding shown under Advances to Suppliers	1,560.55
	Amount outstanding shown under Advances from Customer	27.32

NOTES TO THE FINANCIAL STATEMENTS as at 31st March,

(I) Particulars of Transactions with Parties Referred to in (D) above

Sales	240.30
Purchases	384.61
Sundry Balance W/Off	0.01
Amount outstanding shown under Trade Receivable	101.78
Amount outstanding shown under Trade Payable	449.32

(J) Particulars of Transactions with Parties Referred to in (E) above

Advances given	0.20
Advances given received back	0.20

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

TO THE BOARD OF DIRECTORS OF GITANJALI GEMS LIMITED

We have audited the accompanying consolidated financial statements of **GITANJALI GEMS LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of 14 (Fourteen) Subsidiaries included in the consolidated year to date financial results, whose consolidated interim financial statements reflect total assets of Rs 33,017.36 Millions as at March 31,2013; as well as the total revenue from sales of Rs 33,783.71 Millions for the year April 1,2012 to March 31,2013. These interim financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Year to date financial results, to the extent they have been derived from such interim financial statements is based solely on the report of such other auditors.

We have relied on the unaudited financial statements of 4 (Four) subsidiaries, included in the consolidated year to date financial results, whose consolidated interim financial statements reflect total assets of Rs 5,026.84 Millions as at March 31,2013, as well as the total revenue from sales of Rs 4,138.90 Millions for the year April 1,2012 to March 31,2013. These interim financial statements and other financial information as approved by the Board of Directors, have been furnished to us by the Management, and our opinion on the Year to date financial results, to the extent they have been derived from such interim financial statements is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of this matter.

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

Chartered Accountants

Firm Registration No. 102860W

A.D.SHENOY

Partner

Membership No. 11549

May 28, 2013

Mumbai

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

(Rs. in Million)

	Note	2013	2012
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**920.65**	911.22
Reserves and Surplus	3	**36,764.55**	30,085.66
Money Received against Share Warrants		**-**	100.00
		37,685.20	31,096.88
Minority Interest		**640.26**	546.60
Non Current Liabilities			
Long Term Borrowings	4	**6,214.19**	6,434.86
Other Long Term Liabilities	5	**665.18**	218.52
Long Term Provisions	6	**129.17**	88.33
		7,008.54	6,741.71
Current Liabilities			
Short Term Borrowings	7	**46,174.41**	33,000.45
Trade Payables	8	**43,381.90**	32,920.37
Other Current Liabilities	9	**3,534.30**	2,030.99
Short Term Provisions	10	**762.33**	561.18
		93,852.94	68,512.99
TOTAL		**139,186.94**	106,898.18
II. ASSETS			
Non Current Assets			
Fixed Assets (Net)			
Tangible Assets	11	**1,709.42**	1,473.67
Intangible Assets	11	**446.72**	416.10
Capital W-I-P	11	**882.32**	958.74
Intangible Assets under development	11	**0.09**	0.09
Goodwill on consolidation	-	**673.45**	544.26
Non Current Investments	12	**1,022.87**	529.68
Deferred Tax Assets (Net)	35	**143.82**	157.55
Long Term Loans & Advances and Other Assets	13	**5,517.59**	3,299.05
		10,396.28	7,379.14
Current Assets			
Current Investments	14	**-**	51.51
Inventories	15	**43,473.39**	36,937.29
Trade Receivables	16	**71,891.80**	53,849.39
Cash and Bank Balance	17	**9,703.40**	6,524.48
Short Term Loans & Advances and Other Assets	18	**3,722.07**	2,156.37
		128,790.66	99,519.04
TOTAL		**139,186.94**	106,898.18

Significant Accounting Policies & Notes to Consolidated Accounts 1 to 43

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

As per our attached report of even date.
For **Ford, Rhodes, Parks & Co.**
Chartered Accountants
Firm Regn No : 102860W

A. D. Shenoy
M. No. 11549
Partner

Mehul C. Choksi
Managing Director

Dhanesh Sheth
Director

Pankhuri Warange
Company Secretary

Place : Mumbai
Dated : May 28, 2013

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

(Rs. in Million)

	Note	2013		2012
REVENUE				
Revenue From Operations	19	**164,184.96**		124,982.76
Other Income	20	**708.12**	**164,893.08**	781.20
				125,763.96
EXPENDITURE				
Purchase of Raw Material & Traded Goods	21	**147,245.52**		112,648.84
Changes in Inventories	22	**(6,082.26)**		(5,930.78)
Employee Benefit Expenses	23	**2,986.51**		2,553.12
Finance Cost	24	**4,613.20**		3,377.37
Depreciation & Amortization Expenses	11	**366.57**		294.70
Other Expenses	25	**9,556.87**		7,635.80
			158,686.41	120,579.05
Profit Before Exceptional Item & Tax			**6,206.67**	5,184.91
Add: Exceptional Item	42		**0.98**	50.54
Profit Before Tax			**6,207.65**	5,235.45
Provision for Current Tax		**1,040.88**		920.52
Provision for MAT (Credit)		**(804.28)**		(601.27)
Provision for Deferred Tax		**18.80**		21.19
			255.40	340.44
Profit after Tax before adjustment for Consolidation			**5,952.25**	4,895.01
Less: Minority Interest			**35.33**	22.50
Profit after Tax after adjustment for consolidation			**5,916.92**	4,872.51
Balance Carried to Balance Sheet			**5,916.92**	4,872.51
Basic Earnings per Share of face value of Rs. 10 each (Rs.)			**64.50**	55.51
Diluted Earnings per Share of face value of Rs. 10 each (Rs.)			**64.20**	55.40
(Refer Note 34)				
Significant Accounting Policies & Notes to Consolidated Accounts	1 to 43			

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

As per our attached report of even date.
For **Ford, Rhodes, Parks & Co.**
Chartered Accountants
Firm Regn No : 102860W

A. D. Shenoy
M. No. 11549
Partner

Mehul C. Choksi
Managing Director

Dhanesh Sheth
Director

Pankhuri Warange
Company Secretary

Place : Mumbai
Dated : May 28, 2013

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

				(Rs. in Million)
			2013	2012
A: CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax as per Statement of Profit & Loss			**6,207.65**	5,235.45
Adjusted for:				
Depreciation, Amortisation & preliminary expenses written off		**366.57**		297.16
Provision for Bad Debts		**107.32**		221.25
Effect of Exchange Rate Change		**(1,063.94)**		(762.29)
Loss on sale of Investment		**24.33**		39.10
Loss on sale of Fixed Asset		**21.66**		(115.46)
Dividend Received		**-**		(3.23)
Provision for Gratuity & Leave Encashment		**16.61**		12.38
Interest and Finance Charges - net		**4,613.20**		3,685.10
			4,085.75	3,374.01
Operating Profit before Working Capital Changes			**10,293.40**	8,609.46
Adjusted for:				
Trade and Other Receivables		**(17,890.65)**		(12,949.14)
Inventories		**(6,041.99)**		(7,141.02)
Trade Payables & Other Liabilities		**23,722.20**		15,888.83
			(210.44)	(4,201.33)
Cash Generated from Operations			**10,082.96**	4,408.13
Taxes Paid			**(736.22)**	(727.39)
Net Cash generated from Operations	**Total (A)**		**9,346.74**	3,680.74
B: CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets - net		**(708.14)**		(68.25)
Investment in affiliates and others		**(396.41)**		(1.06)
Receipt of Dividend		**-**		3.23
Net Cash Used in Investing Activities	**Total (B)**		**(1,104.55)**	(66.08)
C: CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Issue of Share Capital		**7.08**		0.00
Proceeds from Share Premium		**292.92**		0.00
Proceeds from Minority Interest		**4.81**		-
Proceeds / (repayment) of term loans (ECB / FCCB / Debentures)		**(329.41)**		2,451.92

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, (CONTD.)

(Rs. in Million)

			2013	2012
Issue of Share Warrants		-		140.00
Dividend Paid including Dividend Tax		**(321.00)**		(298.05)
Interest Paid		**(4,756.40)**		(3,786.94)
Net Cash from Financing Activites	**Total (C)**		**(5,102.00)**	(1,493.07)
Net Increase / (Decrease) in Cash & Cash Equivalents	**Total (A+B+C)**		**3,140.19**	2,121.59
Opening Balance of Cash & Cash Equivalents		**6,524.48**		4,393.23
Add: Adjustment on account of exchange rate		**34.52**		13.59
Add: Upon addition / exclusion of Subsidiaries / J.V.		**4.21**		(3.93)
			6,563.21	4,402.89
Closing Balance of Cash & Cash Equivalents			**9,703.40**	6,524.48

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 Currency 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 whereever necessary.
5) Balance with banks includes unclaimed dividend of Rs. 1.89 Million (Previous Year Rs. 1.21 Million)
6) Balance with banks includes Appplication Money Due for refund of Rs. NIL (Previous Year Rs. 2.27 Million)
7) Cash & Cash Equivalents for the purpose of cash flow statement comprise of Cash at Bank, in hand and Term Invsetments.

As per our attached report of even date.
For **Ford, Rhodes, Parks & Co.**
Chartered Accountants
Firm Regn No : 102860W

A. D. Shenoy
M. No. 11549
Partner

Mehul C. Choksi
Managing Director

Dhanesh Sheth
Director

Pankhuri Warange
Company Secretary

Place : Mumbai
Dated : May 28, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

NOTE : 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 Venture (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 recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. In case of Goodwill, it is tested for impairment annually. In case where loss is in excess of the minority interest in the equity of the subsidiary, it is adjusted against the majority interest.

d. Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet.

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

1.3 **Use of Estimates**

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

1.4 **Revenue Recognition**

a. Revenue on sale of products are recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods. Sales are stated net of returns and net of sales tax and other taxes as applicable.

b. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

c. Interest income is recognized when it is rationally certain of recovery and on time basis taking into account the amount outstanding and rate applicable. Interest is shown as net of interest expense.

1.5 **Fixed Assets and Intangibles**

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

1.6 **Leases**

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

a. Finance lease

Assets taken on finance lease, including taken on hire purchase arrangements, wherein the company has an option to acquire the asset, are accounted as fixed assets in accordance with the AS 19 on "Leases".

b. Operating lease

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

c. The costs of improvements to leased properties are capitalized and disclosed appropriately.

1.7 **Impairment of Fixed Assets**

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

1.8 **Depreciation and Amortization of Fixed Assets**

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

Leasehold Land is amortized over the period of the lease.

1.9 **Investments**

Long – term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Investments in properties are subject to depreciation in accordance with the applicable local laws.

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

1.10 **Borrowing Costs**

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

1.11 **Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate prevailing on the date of transactions. Foreign currency assets except investments and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the date of balance sheet and resultant gains/losses are charged to the statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

Premium or discount in respect of forward foreign exchange contracts is amortized as expense or income over the life of the contracts. Any profit or loss arising on cancellation or renewal of such forward contract is recognized as income or expense for the period. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the statement of Profit and Loss.

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 realizable value
Rough Diamond Rejections	At net realizable value
Trading Goods	Lower of cost and net realizable value
Finished Goods — Polished Diamonds	Lower of cost and net realizable 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

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 normal Income Tax for operation in Special Economic Zones. The said income is liable to Minimum Alternate Tax and such tax is eligible for set off as described in subsequent paragraph. The management estimates the provisions for current tax after considering such tax benefits.

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

b. Minimum Alternate Tax (MAT) credit: MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

c. Foreign Companies

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

1.14 **Employee Benefit**

The Company and its Indian 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

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 the consolidated financial statements.

The Company and its Indian subsidiaries account for the liability towards Leave Salary on the basis of year end actuarial valuations applying the Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the statement of Profit and Loss as income or expense.

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

In case of Foreign subsidiaries, employee benefits are accounted in accordance with the applicable local laws.

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 recognized nor disclosed in the financial statement.

		(Rs. in Million)
	2013	2012
NOTE 2 - Share Capital		
Authorised :		
150,000,000 Equity Shares of Rs. 10/- each	**1,500.00**	1,500.00
(Previous year 150,000,000 Equity shares of Rs 10/-each)		
	1,500.00	1,500.00
Issued, Subscribed & Paid up :		
92,065,491 (Previous Year 91,122,095) Equity Shares of Rs. 10 each fully paid up	**920.65**	911.22
(Refer Note No. 27)		
TOTAL	**920.65**	911.22
NOTE 3 - Reserves & Surplus		
a. Share Premium		
Balance as per Last Balance Sheet	**12,577.17**	12,153.23
Add : Addition on account of conversion of share warrants	**390.57**	-
Add : Addition on account of conversion of FCCBs into equity shares	**-**	1,312.59
(Less) : Utilized towards premium on redemption of FCCBs	**-**	(888.65)
Closing Balance	**12,967.74**	12,577.17
b. Capital Reserve on consolidation		
Balance as per Last Balance Sheet	**432.51**	387.23
Add : During the Year	**(0.09)**	45.28
Closing Balance	**432.42**	432.51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

(Rs. in Million)

		2013	2012
c.	**Exchange Fluctuation Reserve**		
	Balance as per Last Balance Sheet	**469.32**	(126.03)
	Add : During the Year	**824.34**	595.35
	Closing Balance	**1,293.66**	469.32
d.	**Capital Reserve**		
	Balance as per Last Balance Sheet	**312.00**	312.00
	Add : During the Year	**-**	-
	Closing Balance	**312.00**	312.00
e.	**Capital Redemption Reserve**		
	Balance as per Last Balance Sheet	**11.26**	11.26
	Add : During the Year	**1.67**	-
	Closing Balance	**12.93**	11.26
f.	**Debenture Redemption Reserve**		
	Balance as per Last Balance Sheet	**750.00**	500.00
	Add : During the Year	**250.00**	250.00
	Closing Balance	**1,000.00**	750.00
g.	**Revaluation Reserve**		
	Balance as per Last Balance Sheet	**-**	122.83
	(Less) : Reversal on account of sale of asset	**-**	(122.83)
	Closing Balance	**-**	-
h.	**General Reserve**		
	Balance as per Last Balance Sheet	**1,087.83**	700.00
	Add : During the Year	**270.00**	387.83
	Closing Balance	**1,357.83**	1,087.83
i.	**Profit & Loss Balance**		
	Balance as per Last Balance Sheet	**14,445.57**	10,387.29
	Add : Surplus as per Statement of Profit & Loss	**5,916.92**	4,872.51
	Add: Adj on account of consolidation	**(126.88)**	18.49
		20,235.61	15,278.29
	Less : Appropriations		
	General Reserve	**270.00**	265.00
	Debenture Redemption Reserve	**250.00**	250.00
	Proposed Dividend	**280.60**	273.37
	Tax on Dividend	**47.04**	44.35
		847.64	832.72
	Closing Balance	**19,387.97**	14,445.57
	TOTAL	**36,764.55**	30,085.66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

(Rs. in Million)

		2013	2012
NOTE 4 - Long Term Borrowings			
Secured			
Debentures		**546.25**	781.25
External Commercial Borrowings		**5,667.94**	5,453.83
Term Loans From Banks		**-**	199.78
(Refer Note - 29)			
		6,214.19	6,434.86
NOTE 5 - Other Long Term Liabilities			
Loans & Advance from Related Parties		**69.08**	100.83
Other Loans & Advances		**596.10**	117.69
	TOTAL	**665.18**	218.52
NOTE 6 - Long Term Provisions			
Provision for Employee Benefits		**89.22**	71.34
(It includes provision for Gratuity & Leave Encashment)			
Provisions for expenses		**39.95**	16.99
	TOTAL	**129.17**	88.33
NOTE 7 - Short Term Borrowings			
Secured			
Working Capital Facilities from Banks		**44,710.31**	32,323.57
Current Maturity of Long Term Debts			
- Debentures		**625.00**	468.75
- Term Loans		**839.10**	208.13
(Refer Note - 29)			
	TOTAL	**46,174.41**	33,000.45
NOTE 8 - Trade Payables			
Creditors for Goods / Labour		**40,662.90**	31,866.71
Creditors for Expenses		**2,719.00**	1,053.66
	TOTAL	**43,381.90**	32,920.37
NOTE 9 - Other Current Liabilities			
Preference Share Capital		**-**	315.85
Interest Accrued		**96.50**	102.22
Unpaid Dividends		**1.89**	1.20
Application Money received for Allotment of Securities		**-**	2.27
Advance Received from Customers		**2,810.15**	974.63
Statutory Liabilities		**249.10**	160.35
Other Expenses		**376.66**	474.47
	TOTAL	**3,534.30**	2,030.99
NOTE 10 - Short Term Provisions			
Provision for Employee Benefits		**18.73**	17.98
Provision for Others			
Provision for Proposed Dividend		**276.20**	271.79
Provision for Dividend Tax		**46.94**	44.70
Provision for Expenses		**99.31**	121.13
Provision for Taxation		**321.15**	105.58
	TOTAL	**762.33**	561.18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

Note - 11 **FIXED ASSETS** **(Rs. in Million)**

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)					DEPRECIATION					NET BLOCK	
	2012	Additions/ Adjustment on account of consolidation	Additions	Deductions / Transfers	**2013**	2012	Additions / Adjustments on account of consolidation	For the Year	Deductions / Transfers	**2013**	**2013**	2012
Tangible Assets												
Freehold land *	410.80	-	-	-	**410.80**	-	-	-	-	-	**410.80**	410.80
Leasehold Land	16.58	-	-	-	**16.58**	2.26	-	0.25	-	**2.51**	**14.07**	14.32
Factory Building	273.23	(4.88)	106.58	44.50	**330.43**	117.24	(0.59)	26.92	26.19	**117.38**	**213.05**	155.99
Office Premises	107.59	-	59.91	0.70	**166.80**	13.53	9.35	7.56	-	**30.44**	**136.36**	94.06
Plant & Machinery	350.34	(0.38)	33.55	48.67	**334.84**	203.62	(0.09)	23.61	42.21	**184.93**	**149.91**	146.72
Furniture & Fixture	648.49	(26.66)	106.06	26.68	**701.21**	305.27	(20.75)	61.13	13.25	**332.40**	**368.81**	343.22
Office Equipments	245.43	(7.10)	30.86	1.81	**267.38**	150.40	(15.20)	24.21	0.19	**159.22**	**108.16**	95.03
Computers	260.17	0.46	66.07	0.13	**326.57**	188.47	(3.28)	50.59	0.03	**235.75**	**90.82**	71.70
Vehicles	41.48	0.93	3.19	2.59	**43.01**	30.25	0.18	3.39	1.55	**32.27**	**10.74**	11.23
Electrical Equipment & Fittings	2.79	(0.19)	0.89	1.39	**2.10**	1.07	-	0.31	0.98	**0.40**	**1.70**	1.72
Motor Boat	14.72	-	-	-	**14.72**	9.11	-	1.12	-	**10.23**	**4.49**	5.61
Leasehold Improvements	618.09	(0.01)	175.71	-	**793.79**	494.81	6.80	91.67	-	**593.28**	**200.51**	123.28
Sub-Total	**2,989.71**	**(37.83)**	**582.82**	**126.47**	**3,408.23**	**1,516.03**	**(23.58)**	**290.76**	**84.40**	**1,698.81**	**1,709.42**	1,473.67
Intangible Assets												
Goodwill	-	-	43.88	-	**43.88**	-	-	-	-	-	**43.88**	-
Computer Software	22.45	(0.84)	14.44	-	**36.05**	10.34	0.03	7.38	-	**17.75**	**18.30**	12.11
Trademarks / Patents etc.	253.35	-	26.31	-	**279.66**	124.10	-	45.76	-	**169.86**	**109.80**	129.25
Trade Names	274.74	-	-	-	**274.74**	-	-	-	-	-	**274.74**	274.74
Sub-Total	**550.54**	**(0.84)**	**84.63**	**-**	**634.33**	**134.44**	**0.03**	**53.14**	**-**	**187.61**	**446.72**	416.10
Capital Work-in-Progress	979.35	8.82	25.89	131.74	**882.32**	20.61	-	-	20.61	-	**882.32**	958.74
Intangible Assets under development	0.09	-	-	-	**0.09**	-	-	-	-	-	**0.09**	0.09
Grand Total	4,519.69	**(29.85)**	**693.34**	**258.21**	**4,924.97**	**1,671.08**	**(23.55)**	**343.90**	**105.01**	**1,886.42**	**3,038.55**	2,848.60
Previous Year Figures	4,420.34	**28.22**	**446.99**	**375.86**	**4,519.69**	**1,369.54**	**80.99**	**280.65**	**60.09**	**1,671.08**	**2,848.60**	

Note:

* Including cost of land pending registration in the name of the company Rs. 67.50 Million.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

(Rs. in Million)

	2013	2012
NOTE 12 - Non Current Investments		
a. Investment properties		
Premises at 6, Laxmi Tower, B-wing, Mumbai	**85.57**	94.27
Premises at 3, Laxmi Tower, B-wing, Mumbai	**96.88**	106.65
Premises at 3, Laxmi Tower, A-wing, Mumbai	**56.08**	-
Premises at 7, Laxmi Tower, A-wing, Mumbai	**199.72**	-
b. Investment in Equity Instruments		
- In affiliates - unquoted at cost		
1 equity share of USD 1/- each of Forever Prime Inc (Previous Year 1 equity share)	**-**	0.00
10,000 equity shares of USD 1/- each of Leading Italian Jewels (Singapore) PTE Ltd (Previously known as Leading Singapore Jewels PTE Ltd.) (Previous Year - 10,000 equity shares)	**-**	0.39
50,000 equity shares of Rs.10/- each of Damas Gems N Jewels (I) Private Limited (Previous Year - Nil)	**0.50**	-
2,550 equity shares of Rs 10/- each of Shubalavanyaa Jewel Crafts Private Limited (Previous Year 2,550 equity shares)	**1.78**	-
2,500 equity shares of Rs.100/- each fully paid up of Diadem Ranka Desire Lifestyle Private Limited. (Previous Year 2,500 equity shares)	**0.25**	-
17,138,342 shares of THB 10/- each of Abbeycrest (Thailand) Limited (Previous Year NIL)	**0.05**	
Gitanjali Jewels LLC	**4.48**	-
Gitanjali Gold & Precious Limited LLC	**4.16**	-
- Others - unquoted at cost		
51 equity shares of Citizen Co-operative Bank of face value of Rs 10 each fully paid-up. (Previous Year 51 equity shares)	**0.00**	0.00
1,000,000 equity shares of Diamond India Limited of Rs. 10/- each (paid-up Rs.5/-)(Previous Year : 1,000,000 equity shares)	**50.00**	50.00
125 equity shares of Shoppers' Stop Limited of Rs. 10/- each (Previous Year 125 equity shares)	**0.03**	0.03
125 equity shares of Rs 25/- each of Shamrao Vithal Co-op Bank Ltd. (Previous Year 125 equity shares)	**0.00**	0.00
Gems London	**86.59**	89.57
- Others - quoted at cost		
Verite Company Limited	**256.57**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

(Rs. in Million)

		2013	2012
NOTE 12 - Non Current Investments (Contd.)			
c.	In Government Securities		
	NSC (FV Rs 10,000/- & 5,000/-) - under lien with Sales Tax authority	**0.24**	0.19
d.	Investments in debentures / Bonds		
	Redeemable Non-Convertible bond with Indusind Bank	**100.00**	100.00
e.	Investments in Mutual Funds		
	Baroda Pioneer Tariff Plan - A growth - (NAV as on 31.03.2013 - Rs. 7,563,422/- for 5,679.733 units @ Rs. 1,331.651) (Previous year - NIL)	**7.50**	-
	Axis Treasury Advantage Fund collection account (NAV as on 31.03.2013 - Rs. 9,721,202/- for 9,712.344 units @ Rs. 1,000.912) (Previous year - NIL)	**12.50**	-
	500,000 units of Baroda Pioneer Liquid Fund (Mutual Fund) - (NAV as on 31.03.2013 Rs. 3,310,000/- for 500,000 units @ Rs. 6.620) (Previous year - 500,000 units)	**3.69**	3.69
	Union KBC Ultra Short term debt fund (NAV as on 31.03.2013 (Rs. 14,729,744/- for 13,573.713 units @ Rs. 1,085.167) (Previous year - NIL)	**14.50**	-
	Canara Robeco Mutual Fund -(NAV as on 31.03.2013 (Rs. 1,746,537/- for 178,582.545 units @ Rs. 9.780)	**1.70**	-
	SBI-SHF-Ultra Short Term Fund - (NAV as on 31.03.2013 (Rs. 26,224,055/- for 17,125.255 units @ Rs. 1,531.309) (Previous Year 16,563.511 Units.)	**24.39**	23.00
	Baroda Pioneer bank & fin services limited - (NAV as on 31.03.2013 (Rs. 1,063,575/- for 99,492.537 units @ Rs. 10.690) (Previous year - NIL)	**1.00**	-
f.	Others		
	Share application money - Mannat Jewellery Manufacturing Pvt Ltd.	**8.44**	57.73
	Advance towards acqusition of equity shares of Ivida Technologies Private Limited*	**0.25**	-
	Advance towards acqusition of equity shares of Gitanjali Realtors Private Limited*	**1.10**	-
	Advance towards acqusition of equity shares of Coronet Gems Private Limited*	**4.90**	-
	Al Haseena	**-**	4.16
	TOTAL	**1,022.87**	529.68

* Refer Note No - 26.1.f

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

(Rs. in Million)

	2013	2012
NOTE 13 - Long Term Loans & Advances and Other Assets		
Unsecured, Considered Good		
Advances recoverable in cash or in kind	**2,658.95**	1,453.27
Deposits	**921.28**	492.25
Loans & Advance to Related Parties	**386.99**	540.02
Other Loans & Advances		
Balance with Revenue Authorities	**52.77**	13.38
Income Tax	**1,080.97**	468.73
Others	**416.63**	331.40
TOTAL	**5,517.59**	3,299.05
NOTE 14 - Current Investments		
Investment in SBI SDFS-90 Days-55 Growth Plan	**-**	50.00
SBI Short Horizon Fund-Ultra Short Term Plan	**-**	1.50
National Savings Certificate	**-**	0.01
TOTAL	**-**	51.51
NOTE 15 - Inventories		
Raw materials	**16,214.03**	14,526.77
Work in progress	**41.25**	194.22
Finished goods / Trading goods	**26,567.39**	21,726.48
Consumables, Stores & Tools	**1.79**	3.26
Others	**648.93**	486.56
TOTAL	**43,473.39**	36,937.29
NOTE 16 - Trade Receivables		
(Unsecured)		
Outstanding for more than six months considered good	**26,460.73**	15,203.10
Outstanding for more than six months considered doubtful	**199.82**	22.55
	26,660.55	15,225.65
Others considered good	**43,547.02**	36,733.25
Others considered doubtful	**-**	30.55
	43,547.02	36,763.80
Exports Receivables Translation Control A/C	**1,884.05**	1,913.04
	72,091.62	53,902.49
Less: Provision for doubtful debts	**199.82**	53.10
(Refer Note No. 30)		
TOTAL	**71,891.80**	53,849.39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

(Rs. in Million)

		2013	2012
NOTE 17 - Cash and Bank Balance			
Cash and Cash Equivalents			
Balances with Banks		**2,278.00**	1,108.21
Cash on Hand		**97.35**	12.12
Other Bank Balances			
Fixed Deposit / Margin Money		**7,328.05**	5,404.15
	TOTAL	**9,703.40**	6,524.48
NOTE 18 - Short Term Loans & Advances and Other Assets			
Advances to Suppliers		**2,398.70**	1,020.79
Loans & Advance to Related Parties		**18.78**	6.04
Income Tax		**250.54**	125.26
Balance with Revenue authorities		**147.79**	89.23
Others		**906.26**	915.05
	TOTAL	**3,722.07**	2,156.37
NOTE 19 - Revenue from Operations			
Exports (Including Deemed Exports)			
Diamonds		**35,424.67**	39,094.34
Jewellery & Others		**32,772.62**	25,419.50
		68,197.29	64,513.84
Local			
Diamonds		**26,696.30**	15,464.22
Jewellery & Others		**69,291.37**	45,004.70
		95,987.67	60,468.92
	TOTAL	**164,184.96**	124,982.76
NOTE 20 - Other Income			
Dividend Received		**0.21**	3.23
Rent Received		**-**	42.52
Exchange Difference Gain (Net)		**608.31**	610.95
Miscellaneous Income		**99.60**	124.50
	TOTAL	**708.12**	781.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

(Rs. in Million)

		2013	2012
NOTE 21 - Purchase of Raw Material & Traded Goods			
Diamonds		**61,127.81**	52,289.37
Jewellery & Others		**86,117.71**	60,359.47
	TOTAL	**147,245.52**	112,648.84
NOTE 22 - Changes in Inventories			
Diamonds		**(1,674.39)**	(2,515.46)
Jewellery & Others		**(4,407.87)**	(3,415.32)
	TOTAL	**(6,082.26)**	(5,930.78)
NOTE 23 - Employee Benefit Expenses			
Payment to and Provision for Employees			
Salary, Bonus & Allowances		**2,850.27**	2,391.07
Contribution to P.F. & Other Funds		**60.34**	7.31
Gratuity		**19.90**	13.19
Staff Welfare		**56.00**	141.55
	TOTAL	**2,986.51**	2,553.12
NOTE 24 - Finance Cost			
Bank Interest (Net)		**3,930.59**	2,787.50
(Refer Note No. 29)			
Other expenses		**682.61**	589.87
	TOTAL	**4,613.20**	3,377.37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

(Rs. in Million)

	2013	2012
NOTE 25 - Other Expenses		
Advertisement, Selling & Distribution expenses	**2,275.85**	1,978.02
Auditor's Remuneration	**14.22**	7.18
Bank charges & Commission	**851.15**	684.87
Consumption of stores & spare parts	**11.72**	77.56
Custom Duty	**909.06**	153.38
Insurance	**91.17**	35.03
Labour Charges	**2,738.99**	2,489.45
Legal, Professional And Service Charges	**499.03**	346.87
Miscellaneous Expenses	**896.72**	743.22
Power & fuel	**78.53**	58.57
Provision for Doubtful debts & Bad Debts W/off	**95.19**	189.27
Rent, Rates & Taxes	**667.75**	577.59
Repairs to Machinery	**77.38**	3.94
Travelling Expenses	**185.72**	149.93
Postage, Telephones & Communication charges	**164.39**	140.92
TOTAL	**9,556 .87**	7,635.80

NOTE 26 - INVESTMENTS

26.1

a. **List of Companies considered in the Consolidated Financial Statement are as follows:**

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2013	Percentage of Ownership Interest as at 31-03-2012	Relationship
1	Gitanjali Exports Corporation Limited	India	100%	100%	Subsidiary
2	eGitanjali Limited (Formerly known as Mehul Impex Limited)	India	100%	100%	Subsidiary
3	Gitanjali Capital Private Limited	India	100%	100%	Subsidiary
4	Gitanjali Infratech Limited	India	100%	100%	Subsidiary
5	Hyderabad Gems SEZ Limited	India	100%	100%	Subsidiary
6	Nashik Multi Services SEZ Limited	India	100%	100%	Subsidiary
7	Eureka Finstocks Private Limited	India	100%	100%	Subsidiary
8	N&J Finstocks Private Limited	India	100%	100%	Subsidiary
9	Decent Securities & Finance Private Limited	India	100%	100%	Subsidiary
10	Decent Investment & Finance Private Limited*	India	100%	-	Subsidiary
11	Gitanjali Jewellery Retail Limited (Formerly known as Gitanjali Jewellery Retail Private Limited)	India	100%	100%	Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2013	Percentage of Ownership Interest as at 31-03-2012	Relationship
12	MMTC Gitanjali Limited	India	74%	74%	Subsidiary
13	Gitanjali Lifestyle Limited	India	100%	100%	Subsidiary
14	Maya Retail Ltd.(Formerly known as Salasar Retail Limited)	India	95.94%	95.94%	Subsidiary
15	MobileNxt Teleservices Private Limited	India	70%	70%	Subsidiary
16	Gitanjali Brands Limited	India	99.99%	99.99%	Subsidiary
17	Nakshatra Brands Limited (Formerly known as Brightest Circle Jewellery Limited)	India	100%	100%	Subsidiary
18	D'Damas Jewellery (India) Private Limited	India	51%	51%	Subsidiary
19	Gili India Limited	India	100%	100%	Subsidiary
20	Asmi Jewellery India Limited	India	100%	100%	Subsidiary
21	Spectrum Jewellery Limited	India	99.60%	99.60%	Subsidiary
22	Aston Luxury Group Limited	Hongkong	100%	100%	Subsidiary
23	Crown Aim Limited	Hongkong	100%	100%	Subsidiary
24	Leading Italian Jewels SRL	Italy	100%	100%	Subsidiary
25	BLU SRL	Italy	100%	100%	Subsidiary
26	Leading Jewels of Japan Kabushiki Kaisha*	Japan	100%	100%	Subsidiary
27	Terry Alfred Limited (Formerly Known as Alfred Terry Limited)	United Kingdom	**	100%	Subsidiary
28	Alfred Terry Limited (Formerly Known as Alfred Terry Holdings Limited)	United Kingdom	100%	100%	Subsidiary
29	Gitanjali Resources BVBA	Belgium	100%	100%	Subsidiary
30	Leading Italian Jewels (Singapore) PTE. Ltd.*	Singapore	100%	100%	Subsidiary
31	Samuels Jewelers, Inc.	USA	100%	100%	Subsidiary
32	Gitanjali USA, Inc.	USA	100%	100%	Subsidiary
33	Diamlink Inc	USA	51%	51%	Subsidiary
34	Diamlink Jewelery Inc	USA	51%	51%	Subsidiary
35	Jewelry Marketing Company LLC	USA	51%	51%	Subsidiary
36	LJOW Holdings, LLC	USA	51%	51%	Subsidiary
37	Tri-star Worldwide LLC	USA	100%	100%	Subsidiary
38	GGL Diamonds LLC	USA	100%	100%	Subsidiary
39	Gitanjali Ventures DMCC	UAE	100%	100%	Subsidiary

***** The Company was not considered for consolidation in Previous Year.

****** Terry Alfred Limited is dissolved on February 26, 2013 as per the intimation received from Companies House, a government authority of United Kingdom.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

b. **List of companies considered in the Consolidated Financial Statements based on unaudited financial statement as approved by the Board of Directors of respective companies:**

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2013	Percentage of Ownership Interest as at 31-03-2012	Relationship
1	Gitanjali USA, Inc.	USA	100%	100%	Subsidiary
2	Tri-star Worldwide LLC	USA	100%	100%	Subsidiary
3	GGL Diamonds LLC	USA	100%	100%	Subsidiary
4	Gitanjali Lifestyle Limited	India	100%	100%	Subsidiary

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

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2013	Percentage of Ownership Interest as at 31-03-2012	Relationship
1	Aston Luxury Retail Ltd.*	Hong Kong	NIL	100%	Subsidiary
2	Forever Prime Inc.*	Hong Kong	NIL	100%	Subsidiary
3	Shubalavanyaa Jewel Crafts Private Limited	India	51%	51%	Subsidiary
4	Diadem Ranka Desire Lifestyles Private Limited	India	50%	50%	Joint Venture
5	Gitanjali Jewels LLC	UAE	49%	49%	Associate
6	Gitanjali Gold & Precious Limited LLC	UAE	49%	49%	Associate
7	Abbeycrest (Thailand) Ltd.	Thailand	99.99%	NIL	Subsidiary
8	Aston Diamond Resources SA (PTY) Ltd.	South Africa	100%	NIL	Subsidiary

***** These companies is deregistered in the current Financial Year and cost of the same is charged to statement of profit & Loss.

d. The account of the eleven subsidiaries (direct / indirect) having negative net worth have been prepared on going concern basis.

e. During the previous year, one of the subsidiary company has applied vide CSD no – 611/2013 to hon'ble Bombay High Court dated February 11, 2013 for amalgamation with Gitanjali Gems Limited. Various formalities in this regard are yet to be completed.

f. Post March 31, 2013 the shares of the referred (note-12 VI) companies have been acquired by one of the subsidiary namely Gitanjali Life Style Limited (GLL). A scheme of amalgamation has been filed vide CSD no 526/2013 to 530/ 2013 to hon'ble Bombay High Court dated May 8, 2013 for amalgamation with GLL. Various formalities in this regard are yet to be completed.

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

a. **Gitanjali Exports Corporation Limited (GECL)**

During the year, the Company subscribed for additional 4,450,000 equity shares of Rs 10/- each of GECL at a premium of Rs 440 per share. The Company's interest continues to stand at 100% as at March 31, 2013.

b. **Gitanjali Brands Limited (GBL)**

During the year , the Company subscribed for additional 791,053 equity shares of Rs 5/- each of GBL at a premium of Rs 2,270.50 per share. Thus, the Company's interest stands at 99.99 % as at March 31, 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

During the year, the company advanced a sum of Rs 760.00 Million towards issue of 3,33,992 - 9% non-cumulative redeemable preference shares of Rs 5/- each at a premium of Rs 2,270.50 each. The said shares are redeemable at issue price at the end of 20 years from the date of issue. Necessary formalities for issue and allotment of shares are pending.

c. **Nakshatra Brands Limited (NBL)**

During the year, the company advanced a sum of Rs 400.00 Million towards issue of 6,86,106 - 9% non-cumulative redeemable preference shares of Rs 10/- each at a premium of Rs 573/- each. The said shares are redeemable at issue price at the end of 20 years from the date of issue. Necessary formalities for issue and allotment of shares are pending.

d. **MMTC Gitanjali Limited (MGL)**

During the year, the Company subscribed for additional 1,369,000 equity shares of Rs 10/- each of MGL and with the subscription of 481,000 Equity Shares by minority shares holders of MGL, the Company's interest stands at 74% as at March 31, 2013.

e. **Aston Luxury Group Limited (ALGL)**

During the year, the Company subscribed for additional 29,061,690 ordinary shares of USD 1/- each of ALGL. Thus, the Company's interest continues to stand at 100% as at March 31, 2013.

f. **Asmi Jewellery India Limited (Asmi)**

During the year, the company advanced a sum of Rs 450.00 Million towards issue of 296,248 - 9% non-cumulative redeemable preference shares of Rs 10 each at a premium of Rs 1,509/- each. The said shares are redeemable at issue price at the end of 20 years from the date of issue. Necessary formalities for issue and allotment of shares are pending.

g. **Gili India Limited (Gili)**

During the year, the company advanced a sum of Rs 250.00 Million towards issue of 892,857 - 9% non-cumulative redeemable preference shares of Rs 10 each at a premium of Rs 270/- each. The said shares are redeemable at issue price at the end of 20 years from the date of issue. Necessary formalities for issue and allotment of shares are pending.

h. **Abbeycrest (Thailand) Ltd (ATL)**

During the year, through one of the subsidiary, the company purchased 17,138,342 shares of THB 10/- each of ATL. Thus, the Company's interest stands at 99.99% as at March 31, 2013.

i **Aston Diamond Resources SA (PTY) Ltd (ADRL)**

During the year, a wholly owned subsidiary has been incorporated in South Africa namely ADRL by one of the subsidiary. Thus, the Company's interest stands at 100% as at March 31, 2013.

j. **Decent Investments & Finance private Ltd (Decent)**

During the year, the company purchased 2,000,000 equity shares of Rs 10/- each of Decent. Thus, the Company's interest stands at 100% as at March 31, 2013.

26.3 During the year the company has disinvested / proposed to disinvest in following companies:

a. **Aston Luxury Group Limited (AGLG)**

During the year, as part of ongoing restructuring of overseas subsidiaries, the company has plans of disinvestment in equity shares of the foreign subsidiaries to AGLG. On signing unbinding term sheet the company has received a sum of USD 6.44 Million as advance. The above restructuring is subject to approval of financial institutions and Reserve Bank of India.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

b. **Nakshatra Brands Limited (NBL)**

During the year, the Company received back sum of Rs 16.67 miilion from NBL on redemption of 4% non-cumulative redeemable preference shares of Rs 10/- each. As at March 31, 2013 the company does not hold any preference shares in NBL.

c. **Mannat Jewellery Manufacturing Private Limited (Mannat)**

During the year, part of the amount advanced as share application money to Mannat is received back by one of the subsidiary company. Balance Rs 8.44 Million continues to remain as advanced towards share application money as on March 31, 2013.

NOTE 27 - SHARE CAPITAL

a. Details of Authorised, Issued, Subscribed and Paid up Capital

Share Capital	**2013**		2012	
	Number	**Rs. in Million**	Number	Rs. in Million
Authorised				
Equity Shares of Rs.10/- each.	150,000,000	1,500.00	150,000,000	1,500.00
Issued Subscribed & Paid up				
Equity Shares of Rs.10/- each	92,065,491	920.65	91,122,095	911.22

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

Particulars	**2013**	2012
	Equity Shares Number	Equity Shares Number
Shares outstanding at the beginning of the year	91,122,095	84,871,598
ADD: Shares Issued during the year on conversion of FCCB's	-	6,250,497
ADD: Shares issued during the year on conversion of warrants	943,396	-
Shares outstanding at the end of the year	92,065,491	91,122,095

c. Shares held by Holding / Ultimate Holding and / their subsidiaries / Associates: Current Year – Not Applicable (Previous Year – Not Applicable).

d. Rights, Preferences and Restriction of Share holders

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

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

	2013		2012	
Name of Share holder	**No. of Shares held**	**% of Holding**	No. of Shares held	% of Holding
Mr. Mehul C Choksi	47,527,628	51.62%	43,325,031	47.55 %

f. Particulars of shares issued for consideration other than cash, shares bought back and bonus

Shares in last five years :

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

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

iii) Issue of bonus shares –NIL.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

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

i. Security convertible into equity shares :

The company has allotted 1 (one) Zero percent unsecured Fully Convertible Debentures (FCDs) having face value of Rs. 390.00 Million on a preferential basis to D.B Corp Limited. The said FCD will be compulsorily Convertible into such number of equity shares with face value of Rs. 10/- each at the end of 18 months from the date of allotment at a price determined as per SEBI (ICDR) Regulations, 2009.

NOTE 28 - CONVERSION OF WARRANTS

In Financial year 2011-12, the company issued 943,396 warrants convertible into equal number of equity shares on preferential basis at a price of Rs. 424/- per warrant to Bennett Coleman & Co. On August 4, 2012, the Company allotted 943,396 equity shares of Rs. 10/- each on conversion of Share Warrants. Consequently paid up Share Capital of the Company increased from Rs. 911,220,950/- to Rs. 920,654,910/- consisting of 92,065,491 equity shares of Rs. 10/- each fully paid up.

NOTE 29 - BORROWINGS

a. Non Convertible Debentures:

On 22nd June, 2009, the company issued 12% secured redeemable non convertible debentures of Rs. 1,250.00 Million to LIC of India. The tenure of the debentures is five years (maturity date: 21st June, 2014) and are redeemable in eight equal quarterly installments with initial moratorium of three years. The said debentures are secured by first pari passu charge over immoveable properties in Hyderabad (A.P.) belonging to one of the wholly owned subsidiary. During the year, the company has transferred Rs. 250.00 Million to Debenture Redemption Reserve (DRR) and cumulative balance in DRR account is Rs. 1,000.00 Million. Balance as at 31st March, 2013 is Rs. 781.25 Million, out of which Rs. 625.00 Million is due in one year and shown under Short Term Borrowings.

b. Convertible Debentures:

The company has on December 5, 2012 allotted 1 (one) Zero percent unsecured Fully Convertible Debentures (FCDs) having face value of Rs. 390.00 Million on a preferential basis to D.B Corp Limited. The said FCD will be compulsorily Convertible into such number of equity shares with face value of Rs. 10/- each at the end of 18 months from the date of allotment at a price determined as per SEBI (ICDR) Regulations, 2009.

c. Working capital borrowings:

Working capital borrowings from Banks/ Financial Institution are secured against certain immoveable properties of the company and its subsidiaries and hypothecation by way of a first charge on all the present and future goods, movable assets, vehicles, furniture, stock-in–trade, fixed deposits, book debts along with personal guarantee of the Managing Director. The facility carries interest ranging from 5% to 14.50%.

Trade payable includes Rs 23,904.88 Million (Previous Year Rs. 18,141.02 Million) payable to bank under purchase arrangement for Gold. This facility is secured against Bank Guarantee to the tune of Rs 22,549.56 Million and margin money. This facility carries interest ranging from 2.25% to 6.25%.

d. External Commercial Borrowings(ECB):

In Financial year 2011-12, Company raised funds through ECBs route from banks aggregating to USD 107.19 Million. The loans are repayable in installments spread over 5 years and carries interest ranging from 4.50% to 4.90% plus 6 months USD libor. Final repayments are due in March 2018 and December 2018. The said ECBs are secured by first pari passu charge over certain immoveable properties of subsidiaries and second charge on the company's assets namely raw materials, stock in progress, finished goods and all book debts, movable plant and machinery, consumable stores and store and spares both present and future. Out of above ECB proceeds, USD 57.19 Million was utilised to redeem the outstanding FCCBs and balance USD 50.00 Million was utilized towards capital expenditure in SEZ unit at Hyderabad and investment in overseas subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

NOTE 30 - TRADE RECEIVABLES:

The trade receivables of two subsidiary companies as on March 31, 2013 include dues of Rs. 97.77 Million (Previous Year Rs.137.56 Million) where suits have been filed / are in the process of filing suits for recovery. The management is of the opinion that debts are good and recoverable and no provision is considered necessary at this stage.

The Company considers all trade receivables as good and recoverable other than those in respect of which provision for doubtful debts is made and including above trade receivables where suit is being filed for recovery.

NOTE 31

In Financial year 2011-12, The Income Tax Department conducted search / survey at group companies' level. In consequences of search / survey, group companies has received notice u/s 153A and u/s 153C of Income Tax Act, 1961 and submitted all the necessary documents along with replies to the Income tax Department. However, till the date of signing the Financial Statements no orders are received.

NOTE 32 - PURCHASE OF RAW MATERIALS AND TRADED GOODS:

The company is engaged in business of trading and manufacturing of Plain Gold Jewellery, Diamond Studded Jewellery, Diamond Cutting and Polishing. For this purpose company has its own manufacturing facility and has job work manufacturing. The company also purchased jewellery produced by reputed manufacturers. Considering the nature of products, "Purchase of Raw Material and Traded Goods" also includes cost of materials consumed.

NOTE 33 - 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 31,538.00 Million (Previous Year Rs. Rs. 24,873.40 Million)

b. Outstanding Letters of Credit: Rs. 9.04 Million (Previous Year Rs. 8.39 Million).

c. Bank Guarantee: Rs. 1.09 Million (Previous Year Rs. 0.54 Million), excludes Bank guarantee against trade payable. Refer Note 29 C.

d. Disputed Income Tax Rs. 9.05 Million (Previous Year : Rs. 212.41 Million)

e. Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances given) Rs. 65.52 Million (Previous Year Rs. 10.03 Million)

f. Guarantees given to revenue and legal authorities Rs. 91.83 Million (Previous Year Rs 17.69 Million)

g. Disputed Interest & Penalty on Stamp Duty Rs.1.26 Million (Previous Year Rs. 1.26 Million)

h. Claims / Suits against the company not acknowledged as debt Rs.15.05 Million (Previous Year Rs. NIL)

i. Disputed Service Tax Rs. 88.72 Million (Previous year Rs 66.26 Million). The Company has replied the show cause notice and based on the opinion received demand is not likely to be crystallized.

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

k. Non receipt of sales tax declaration forms Rs. 106.02 Million (Previous Year Rs 60.24 Million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

NOTE 34 - EARNINGS PER SHARE

a. Basic Earnings per Share (After Tax Provision)

Particulars	2013	2012
Net profit for the period attributable to Equity Shareholders (Rs. In Million)	**5,916.93**	4,872.51
Weighted average number of Equity Shares outstanding as at March 31, (Nos.)	**91,742,410**	87,780,657
Basic earnings per share (Face value of Rs. 10 each) (Rs.)	**64.50**	55.51

b. Diluted Earnings Per Share (After Tax Provision)

Particulars	2013	2012
Net profit for the period attributable to Equity shareholders (Rs. In Million)	**5,916.93**	4,872.51
Weighted average number of Equity Shares outstanding (Nos.)	**92,167,694**	87,955,933
Diluted earnings per share (Face value of Rs.10 each) (Rs)	**64.20**	55.40

NOTE 35 - DEFERRED TAX ASSETS AND LIABILITIES AS ON MARCH 31,

(Rs. in Million)

Particulars	2013	2012
Deferred Tax Liability		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**27.72**	(12.13)
Gross Deferred Tax Liability	**27.72**	(12.13)
Deferred Tax Asset		
Provision for Retirement Benefits / Doubtful Debts	**5.65**	6.48
Disallowance under Section 43B of I. T. Act	**11.55**	10.09
Disallowance under section 40(a)	**-**	0.00
Unabsorbed Business Losses/Depreciation	**5.24**	13.62
Provision for leave Salary/Gratuity	**4.56**	1.01
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**144.54**	138.47
On preliminary expenses not written off till the commencement of business as per Income Tax Act, 1961	**-**	0.00
Others	**-**	0.01
Gross Deferred Tax Asset	**171.54**	169.68
Net Deferred tax Asset/(Liability)	**143.82**	157.55

- The Gross Deferred Tax Liabilities and Deferred Tax Asset is shown above. The same is reported on net basis in the Consolidated Financial Statements.
- In case of Eighteen subsidiaries (direct / indirect) considered in aforesaid Consolidated Financial Statement, due to losses incurred and in the absence of virtual certainty backed by convincing evidence, no deferred tax assets have been recognized.

NOTE 36 - SEGMENT REPORTING :

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

NOTE 37 - RELATED PARTY DISCLOSURE:
Refer to Annexure II

NOTE 38 - 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 Rs. 20.90 Million (Previous year Rs 18.78 Million) has been charged off during the year. In respect of other consolidated entities, there has been no impairment of assets reported during the year.

NOTE 39 - 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.

NOTE 40 - DISCLOSURE OF FOREIGN CURRENCY EXPOSURES:
The details of outstanding foreign currency exposure of the Group as at March 31, is as under:

PARTICULARS	**2013**	**2013**	2012	2012
	USD	**EURO**	USD	EURO
Debtors – covered by Forward Contract	50.01	-	184.43	-
Debtors – uncovered	606.23	-	379.35	-
Creditors – covered by Forward Contract	29.00	-	2.02	-
Creditors – uncovered	369.67	0.00-	224.50	0.02
Bank Balance – uncovered	-	-	0.07	-
FCCBs – uncovered	-	-	0.00	-
ECB – uncovered	106.19	-	107.19	-
Advance from customers	2.03	-	2.03	-
Advance to suppliers – uncovered	-	-	0.00	-
Bank Facility – uncovered	117.25	-	78.98	-

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

NOTE 41 - LEASE DISCLOSURE:

a. The Company has taken various office premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits under certain agreements.

b. Lease payments are recognized in the Statement of profit & loss under the head 'Rent'

c. The future minimum lease payments as on March 31, 2013 are as follows:

   i. Not later than one year Rs. 612.44 Million (Previous year Rs. 871.08 Million)

   ii. Later than one year and not later than five years Rs. 2,650.53 Million (Previous year Rs. 1,846.66 Million)

   iii. More than five years Rs. 843.05 Million (Previous year Rs. 551.47 Million)

d. The future minimum lease receivables as on March 31, 2013 are as follows:

   i. Not later than one year Rs. 26.82 Million (Previous year Rs. 53.03 Million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

ii. Later than one year and not later than five years Rs. 26.21 Million (Previous year Rs. 138.90 Million)

iii. More than five years Rs. NIL (Previous year Rs. 216.22 Million)

NOTE 42 - OTEHRS:

a. The Company is in process of identifying enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act. This information has been relied upon by the auditors.

b. To the extent information available with the Company, the Company does not owe any sum to small scale industrial units as defined in clause (j) of section 3 of the Industrial (Development & Regulation) Act, 1951. This information has been relied upon by the auditors.

c. Amounts due to investor education Fund – Nil.

d. During the current year few subsidiaries provided for depreciation on Straight Line Method for the premises owned by them and held as investments. Depreciation is calculated @ 1.63% with effect from date of acquisition. The aggregate depreciation for past period amounted to Rs 23.27 Million. Had this has not been provide for, the profit for the current year would have been higher by Rs 23.27 Million.

e. Exceptional item of Rs 0.98 Million in statement of profit & loss represents profit on sale of fixed assets. (Previous year Rs 50.54 Million on account of sale of investments, land and office premises etc.)

NOTE 43 - MISCELLANEOUS:

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

As per our attached report of even date.
For **Ford, Rhodes, Parks & Co.**
Chartered Accountants
Firm Regn No : 102860W

A. D. Shenoy
M. No. 11549
Partner

Mehul C. Choksi	Dhanesh Sheth	Pankhuri Warange
Managing Director	Director	Company Secretary

Place : Mumbai
Dated : May 28, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

Annexure – I - Consolidated Segment wise Reporting Revenue, Results and Capital Employed

			(Rs. in Million)
		2013	2012
A)	**Primary Segment (By Business Segment)**		
1	Segment Revenue		
	a) Segment – Diamond	**68,851.28**	59,443.57
	b) Segment - Jewellery	**101,655.44**	70,074.56
	c) Segment – Others	**413.08**	373.03
	Total	**170,919.80**	129,891.16
	Less:- Inter Segment Revenue	**6,734.84**	4,908.40
	Net Sales	**164,184.96**	124,982.76
2	Segment Results		
	Profit / (Loss) before tax and interest from each segment		
	a) Segment - Diamond	**2,687.90**	2,487.07
	b) Segment - Jewellery	**8,277.50**	6,191.16
	c) Others	**(145.53)**	(115.95)
	Total	**10,819.87**	8,562.28
	Less:- Finance cost	**4,613.20**	3,377.37
	Total Profit Before Exceptional items and tax	**6,206.67**	5,184.91
3	Capital Employed		
	a) Segment - Diamond	**11,768.65**	14,208.26
	b) Segment - Jewellery	**21,655.74**	15,399.90
	c) Unallocated net assets	**4,260.81**	1,488.72
	Total	**37,685.20**	31,096.88
B)	**Secondary Segment (By Geographical Segment)**		
	Segment Revenue		
	India	**95,987.67**	60,468.92
	Rest of the world	**68,197.29**	64,513.84
	Total Revenue	**164,184.96**	124,982.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

Annexure II - Related Party Disclosure Statement

Related Party & their Relationship

1 Subsidiary Companies (Direct/ Indirect)

Abbeycrest (Thailand) Ltd
Alfred Terry Limited (Formerly Known as Alfred Terry Holdings Limited)
Aston Luxury Group Ltd.
Aston Luxury Retail Ltd.
Aston Diamond Resources SA (PTY) Ltd.
Asmi Jewellery India Ltd.
Blu SRL
Crown Aim Ltd.
D'Damas Jewellery (India) Ltd.
Diamlink Inc.
Diamlink Jewelry Inc.
Decent Securities & Finance Private Limited
Decent Investment & Finance Private Limited
eGitanjali Ltd. (Formerly known as Mehul Impex Ltd.)
Eureka Finstocks Private Limited
Forever Prime Inc.
GGL Diamond LLC
Gili India Ltd.
Gitanjali Resources BVBA
Gitanjali Brands Ltd.
Gitanjali Capital Private Limited
Gitanjali Exports Corporation Ltd.
Gitanjali Infratech Ltd.
Gitanjali Jewellery Retail Ltd. (Formerly known as Gitanjali Jewellery Retail Private Limited)
Gitanjali Lifestyle Ltd.
Gitanjali USA Inc.
Gitanjali Ventures DMCC
Hyderabad Gems SEZ Ltd.
Jewelry Marketing Company LLC
Leading Italian Jewels SRL
Leading Jewels of Japan K.K.
Leading Italian Jewels (Singapore) PTE Ltd
LJOW Holdings LLC
Maya Retail Ltd.
MMTC Gitanjali Ltd.
MobileNxt Teleservices Private Limited
Nakshatra Brands Limited (Formerly Known as Brightest Circle Jewellery Ltd.)
N & J Finstocks Private Limited
Nashik Multi Services SEZ Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

Samuels Jewelers Inc.
Shubalavanyaa Jewel Crafts Private Limited
Spectrum Jewellery Ltd.
Terry Alfred Limited (Formerly Known as Alfred Terry Limited)
Tri-star Worldwide LLC

2 Key Management Personnel

Mr. Mehul C. Choksi

3 Enterprises under Common Control of Key Management Personnel

Audarya Investments Private Limited
Coronet Gems Private Limited (Formerly known as Maitreyi Impex Private Limited)
Damas Goldfield Jewellery Private Limited
Diamond Creations
Diminco Diamond India Private Limited (Formerly known as Prism Bullion Private Limited)
Evergold Jewels Private Limited (Formerly known as Trans Expo Trade Private Limited)
Gitanjali Gold & Precious Ltd.
Gitanjali Gold & Precious LLC
Gitanjali Jewels LLC
Gitanjali Realtors Private Limited
Lustre Industries Private Limited (Formerly known as Lustre Manufacturers Private Limited)
Mannat Jewellery Manufacturing Private Limited
Mast Jewellery Distributions Private Limited
Mozart Trading Private Limited
Naviraj Estates Private Limited
Partha Gems LLP
Priyanka Gems Private Limited
Rohan Diamonds Private Limited
Rohan Mercantile Private Limited
Touchstone
The Next Diamond Company.
A.P. Gems & Jewellary Park Private Limited

4 Relative of Key Management Personnel

Mrs. Amita R. Bhansali
Mrs Guniyal C Choksi
Mrs. Neena D. Sheth
Mrs. Priti M. Choksi

5 Enterprises Controlled by Relatives of Key Management Personnel

Diminco N.V.
Ivida Technologies Private Limited

6 Enterprises Controlled by the Investing Venturer of the Subsidiary Company

Damas Jewellery LLC
MMTC Limited

7 Joint Venture

Diadem Ranka Desire Lifestyle Private Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

Relationship with the Company	Transaction with the Company	Rs. In Million
1 **Subsidiary Company**	Corporate Guarantees given to the bankers for Letter of Credit facility	31,538.00
	Amount Outstanding Shown under trade payable	0.00
	Amount Outstanding Shown under trade receivable	0.35
	Investments	0.05
	Purchases	0.00
2 **Key Management Personnel**	Amount Outstanding Shown under Other liabilities	54.71
	Expenses	0.02
	Loan Return	18.08
	Loan Taken	2.77
	Salary	7.27
	Sales	17.08
	Investments	6.00
	Amount outstanding shown under trade payable.	0.05
	Guarantee given for working capital borrowing to the banks / financial institution	To the Extent of Borrowings
3 **Enterprises under Common Control of Key Management Personnel**	Advance Received	13.05
	Advance towards Share Capital	8.44
	Advances Given	1,293.99
	Advances Given Received Back	10.42
	Advances received given back	316.59
	Amount Outstanding Shown Under Advances from Customers	749.50
	Amount Outstanding Shown Under Advances to Supplier	1,710.22
	Amount Outstanding Shown Under Loans & Advances	467.91
	Amount Outstanding shown under Trade Payable	126.21
	Amount Outstanding Shown under Trade Receivable	280.59
	Expenses Recovered	0.02
	Labour Charges Paid	140.06
	Loan Return	141.45
	Purchases	0.85
	Sales	2,127.49
	Investments	4.48
4 **Relative of Key Management Personnel**	Amount Outstanding shown under Trade Payable	8.90
	Amount Outstanding Shown under Trade Receivable	38.63
	Advance Given	0.20
	Loan Return	0.57
	Sales	38.26
	Investments	0.25
	Advance received given back	0.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT MARCH 31,

5	**Enterprises Controlled by Relatives of Key Management Personnel**	Amount Outstanding shown under Trade Payable	499.47
		Amount Outstanding Shown Under Trade Receivable	208.38
		Sundry balance w/off	0.01
		Purchases	384.61
		Sales	419.74
6	**Enterprises Controlled by the Investing Venturer of Subsidiary Company**	Amount Outstanding Shown Under Advances from Customers	111.09
		Amount Outstanding shown under Trade Payable	2.98
		Amount Outstanding Shown under Trade Receivable	7.69
		Expense reimbursed	6.12
		Interest Paid	14.13
		Purchase	342.42
		Sales	60.91
7	**Joint Venture**	Amount Outstanding Shown Under Loans & Advances	27.27
		Purchases	11.36
		Expenses Debited	1.92

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 FOR THE YEAR 2012-2013

(Rs. in Million)

Company Name	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Gitanjali Exports Corporation Ltd.	INR	172.50	5,663.13	21,892.20	21,892.20	65.28	23,295.78	402.60	0.01	402.60	0.00
eGitanjali Ltd.	INR	9.90	3.34	168.98	168.98	0.01	285.71	(17.37)	0.00	(17.37)	0.00
Gitanjali Capital Private Limited	INR	20.00	13.37	33.55	33.55	0.00	0.00	(0.08)	0.00	(0.08)	0.00
Gitanjali Infratech Ltd.	INR	500.00	25.97	2,448.21	2,448.21	100.52	0.00	(6.75)	0.03	(6.78)	0.00
Hyderabad Gems SEZ Ltd.	INR	0.50	(7.15)	904.47	904.47	0.00	53.14	7.61	(0.07)	7.69	0.00
Nashik Multi Services SEZ Ltd.	INR	0.50	(1.17)	81.00	81.00	0.00	0.00	(0.14)	0.00	(0.14)	0.00
Decent Securities & Finance Private Limited	INR	0.50	(7.45)	85.59	85.59	85.57	0.60	(9.57)	0.00	(9.57)	0.00
Decent Investment & Finance Private Limited	INR	20.00	10.16	57.94	57.94	56.08	6.95	(1.90)	1.76	(3.66)	0.00
Eureka Finstock Private Limited	INR	0.50	(14.07)	96.78	96.78	96.70	0.60	(9.40)	0.19	(9.59)	0.00
N & J Finstocks Private Limited	INR	0.50	(4.23)	199.91	199.91	199.67	0.60	(2.38)	0.19	(2.57)	0.00
Gitanjali Brands Ltd.	INR	87.46	2,986.76	9,918.46	9,918.46	0.00	22,839.87	356.35	17.56	338.79	0.00
Nakshatra Brands Limited	INR	27.50	1,507.28	7,935.79	7,935.79	0.01	12,892.45	446.24	42.46	403.78	0.00
Gili India Ltd.	INR	66.00	1,882.62	8,530.67	8,530.67	0.04	13,775.53	479.85	113.25	366.60	0.00
Asmi Jewellery India Ltd.	INR	8.50	1,264.11	6,969.54	6,969.54	0.00	13,678.24	373.52	(1.27)	374.79	0.00
D'Damas Jewellery (India) Private Limited	INR	250.78	93.84	2,291.11	2,291.11	0.00	3,328.85	41.52	0.83	40.69	0.00
Spectrum Jewellery Ltd.	INR	0.50	(16.08)	588.70	588.70	0.00	385.22	11.96	3.92	8.04	0.00
Gitanjali Lifestyle Ltd.	INR	250.00	(49.80)	2,628.43	2,628.43	36.25	3,056.40	42.60	0.00	42.60	0.00
Maya Retail Ltd.	INR	240.69	(436.15)	484.06	484.06	0.00	278.28	(99.02)	0.00	(99.02)	0.00
Mobile NXT Teleservices Private Limited	INR	33.07	(28.50)	46.66	46.66	0.04	0.03	(0.14)	0.00	(0.14)	0.00
Gitanjali Jewellery Retail Ltd.	INR	10.00	(6.03)	3,733.70	3,733.70	0.43	3,587.12	8.23	6.40	1.83	0.00
MMTC Gitanjali Ltd.	INR	114.90	(3.02)	351.87	351.87	0.00	613.96	4.49	0.97	3.52	0.00
Aston Luxury Group Ltd.	USD	1,593.13	(29.76)	2,666.67	2,666.67	362.30	1.41	(26.44)	0.00	(26.44)	0.00
Crown Aim Ltd.	USD	328.80	37.90	3,868.88	3,868.88	0.00	4,633.26	18.37	3.71	14.66	0.00
Samuels Jewelers, Inc.	USD	5,259.09	(2,119.87)	7,037.22	7,037.22	0.00	7,203.12	231.13	21.91	209.22	0.00
Gitanjali USA, Inc.	USD	1,318.53	11.36	1,591.40	1,591.40	0.00	2.43	(0.27)	0.00	(0.27)	0.00
Diamlink & Subsidiaries*	USD	951.38	221.91	3,910.23	3,910.23	0.00	5,969.67	60.77	31.13	29.63	0.00
Tri-star Worldwide LLC	USD	31.91	(24.54)	225.95	225.95	0.00	122.69	25.82	0.00	25.82	0.00
GGL Diamond LLC	USD	186.32	3.29	586.21	586.21	0.00	981.43	1.97	0.00	1.97	0.00
Gitanjali Resources BVBA	USD	276.74	(3.41)	1,261.65	1,261.65	0.00	1,494.25	0.89	0.00	0.89	0.00

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 FOR THE YEAR 2012-2013 (Contd.)

(Rs. in Million)

Company Name	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Gitanjali Ventures DMCC	USD	1,345.59	4,921.31	11,297.30	11,297.30	0.00	12,472.27	1,276.52	0.00	1,276.52	0.00
Leading Italian Jewels SRL	EUR	544.52	18.66	873.01	873.01	0.00	89.04	31.52	12.86	18.66	0.00
Blu SRL	EUR	0.70	(51.16)	665.64	665.64	0.00	287.28	(67.48)	0.00	(67.48)	0.00
Leading Jewels of Japan Kabushiki Kaisha	JPY	5.80	3.33	775.14	775.14	0.00	945.62	5.55	2.19	3.36	0.00
Leading Italian Jewels (Singapore) PTE Ltd	SGD	4.33	(13.62)	12.23	12.23	0.00	15.87	(13.62)	0.00	(13.62)	0.00
Alfred Terry Holdings Ltd.	GBP	38.09	67.65	262.12	262.12	0.00	170.70	1.25	0.15	1.10	0.00
Terry Alfred Ltd.**	GBP	0.59	(0.59)	0.00	0.00	0.00	38.83	(2.22)	(0.31)	(1.90)	0.00

Note: 1) *Represents consolidated figures of Diamlink Inc.,Diamlink Jewelery Inc.,Jewelry Marketing Company LLC and LJOW Holdings, LLC

2) **Company was dissolved on February 26, 2013.

2) Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2013

3) As on 31.03.2013, 1 USD = 54.80, 1 Euro = 70.28, 1 GBP = 83.16, 1 SGD = 43.26, 1 JPY = 0.58

sd/-	sd/-	sd/-
MEHUL C CHOKSI Managing Director	**DHANESH SHETH** Director	**PANKHURI WARANGE** Company Secretary

GITANJALI

GITANJALI GEMS LIMITED

Regd. Office: Office no. 1, A- Wing, 7th Floor Laxmi Tower, Bandra – Kurla Complex, Bandra (E) Mumbai – 400051

PROXY FORM

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

I/We _____

of _____ in the district of _____

being a Member / Members of the above named Company, hereby appoint of _____

in the district of _____ or failing him/her _____

of _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, September 30, 2013 at 9.00 A.M. at MCA Recreation Centre, RG-2, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 and at any adjournment (s) thereof.

Affix a 15 paise revenue stamp

Signed this _____ day of _____ 2013

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

GITANJALI GEMS LIMITED

Regd. Office: Office no. 1, A- Wing, 7th Floor Laxmi Tower, Bandra – Kurla Complex, Bandra (E) Mumbai – 400051

ATTENDANCE SLIP

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

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

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

Name : _____

Address : _____

_____

I hereby record my presence at the 27th Annual General Meeting of the Company at MCA Recreation Centre, RG-2, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 at 9.00 A.M. on Monday, September 30, 2013.

_____

Signature of Member/Proxy

*Applicable for investors holding shares in electronic form.

NAKSHATRA - "DIVINE LUCK"

NAKSHATRA
DIAMOND JEWELLERY

Overview

- Nakshatra means "constellation of stars", symbolizes vastness and infinity, bestowing on the diamond, the classic qualities of beauty, radiance, immortality and power
- Nakshatra is the most precious brand in Gitanajali's Indian diamond jewellery portfolio
- Besides catering to Indian consumers, Nakshatra has successfully entered key international markets and is now present in 20 international cities across Middle East, Singapore, UK and Nepal

Nakshatra Achievements

- Within a year of its launch, Nakshatra had the highest top of mind recall amongst Indian diamond jewellery brands with 93% awareness levels amongst its target audience
- Accorded "Superbrand" status in 2004, 2009 and 2011
- Won accolades across the spectrum including the prestigious Effie (Silver) in 2001 and the Effie (Bronze) the following year
- The in-house designing team at Nakshatra has won multiple honours such as the JCK- New Delhi Gold Souk design award 2006, the IIGJ Awards 2007 and the Tahitian Pearl Awards 2005, 2007, 2009 and 2011

ASMI - "FOR THE WOMAN OF SPIRIT"

asmi
Diamond Jewellery
For the woman of spirit

Overview

- Asmi in Sanskrit means "I AM", stands for the woman with a distinct identity
- Brand targets independent and working women for their 9am to 5pm wear in tier 1 and tier 2 cities
- Asmi has a design signature of a curve and offers wide range of light weight durable products
- Product innovation is the key strategy of the brand offering affordable 3 and 5 piece diamond sets, bangles and necklaces
- Asmi is available through multi channel and multi category formats across the country. Design and sales team is well equipped to cater to diverse needs of working women in different geographies

Asmi Achievements

- Asmi awarded the Best 360 degree Marketing Campaign of the Year (at Retail Jeweller Awards 2009)
- In the year 2003, the first ever Asmi Women's Day event was held on a mega scale in association with Indian Television Academy and Indiatimes
- On the occasion of Women's Day in 2009 Asmi launched its Shakti Torch campaign to combat the problem of domestic violence in India

GILI - "BEAUTIFULLY YOU"

Beautifully you.

Overview

- Gili was launched to introduce the concept of branded jewellery for the first time in India in 1994
- Being the oldest brand in Gitanjali's portfolio, Gili has the most wide spread points of sale across SIS and distribution formats
- Gili is targeting the young Indian consumers for self and gifting purpose

Gili Achievements

- Accorded "Superbrand" status - Superbrand in years 2003, 2004 and 2009
- Won the "Best Platinum Jewellery of the Year" at Retail Jeweller Awards 2009 and 2011
- Crafted the smallest, heart-shaped diamond in the world, at 0.03 carats which is a unique accomplishment

D'DAMAS – "DAZZLE THE WORLD"

D'damas

Dazzle the world

Overview

- The brand has strong positioning of international design for Indian consumers
- D'damas has multiple sub-brands, each unique in its positioning and offering
- Also has items in all categories including rings, earring, nose pins, pendants, bangles, bracelets, necklaces, tanmanya, mangalsutra, half sets and full sets

D'damas Achievements

- D'Damas' designers have won a number of design awards:
- Best Jewellery Designs - JCK
- Best Vivaaha Gold Jewellery - Retail Jeweller and Fashion & Specialties jewellery (2nd consumer reaction award)
- Only brand that has offerings in virtually all product categories, across all price points, for all occasions and emotions thus covering all consumers of different age-groups and demographic classes

GITANJALI GROUP - CORPORATE SOCIAL RESPONSIBILITY

In a short span of 4 years of commencement, the in-house CSR initiatives have been bestowed with several recognitions:

- Won CSR Award for Empowerment at Aaj Tak Care Awards
- Honoured with CSR Leadership Award at the "Institute of Public Enterprise (IPE) CSR Corporate Governance Award 2012" - recognised for the empowerment of persons with disabilities
- Received National Awards for "Best Employer" for the empowerment of persons with disabilities 2009 scheme conducted by the Ministry of Social Justice and Empowerment, Government of India, from the President of India
- NCPEDP – Shell Helen Keller Award for the employment of PwD's from the Home Minister
- Indy's award for Best CSR
- India Shining Star CSR Award for its Outstanding CSR in the Gems & Jewellery Sector from Hon'ble Union Minister for Water Resources and Minority Affairs

सक्षम

Empowerment through Training and Employment

Have trained more than 2,000 rural youth in diamond and jewellery manufacturing in Hyderabad out of which close to 500 were persons with disabilities

As on date nearly 250 people with disabilities are working with the Company

साक्षर

Empowerment through Education

Support educational institutes in Palanpur which provide education to 6,000 students a year

Few institutions supported: • Smt. Geetaben Modi Vidya • K.M. Choksi Higher Secondary School • Shri Keshavlal Maneckchand Choksi Prathmik Shala 1 & 2 • Mamtamandir

सुज्योत

Lighting up lives

Conduct and actively support and participate in the cataract eye camp in Bihar where c.10,000 people benefit from the services offered every year

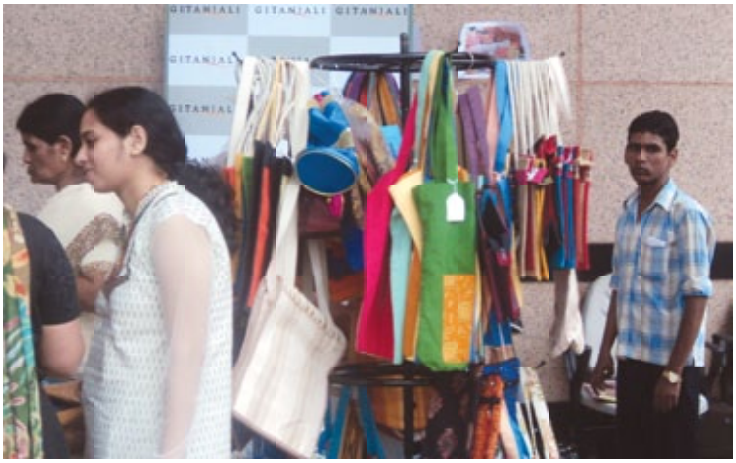
Also run a medical van in Palanpur which has reached out to more than 5,000 needy people in a year's time

सृष्टी

Green Dream

Organize drives for conserving energy and water resources, organizing tree plantation drives etc.

Large scale tree plantation drive was organized at the Hyderabad unit



स्नेह

Spreading Smiles

Aims to build relationships with organizations and individuals who are active in the field and execute projects for the upliftment of society by partnering with them

Currently Sneh is focusing on creating bonds with various NGOs in Mumbai, Ahmedabad and Hyderabad

AWARDS AND RECOGNITION

1st July 2013
Gitanjali bags Indo-American Corporate Excellence (I-ACE) 2013 for the Best Indian Company in the U.S. in Gems & Jewellery

1st July 2013
Gitanjali Gems Ltd. honoured with CNBC Emerging India Awards 2013

11th Oct 2012
Gitanjali bags Niryat Shree Gold Award for Top Exporter in Gems & Jewellery Sector by Federation of Indian Export Organisation (FIEO), New Delhi (set up by Ministry of Commerce, Govt. Of India)

June 25, 2012
Gitanjali Group wins the "PowerBrands Hall of Fame - Globally Emerging Jewellery Brand Conglomerate award"

December 14, 2012
Gitanjali Group receives prestigious 'Master Brand' award 2012 – 2013 by CMO Council & CMO Asia

February 17, 2013
Gitanjaligifts.com wins the prestigious Indian e-Retail Awards 2013

December 1, 2012
Gitanjali Group honoured with CSR Leadership Award at the 'Institute of Public Enterprise (IPE) CSR Corporate Governance Award 2012' - Recognised for the Empowerment of Persons with Disabilities

June 9, 2012
Gitanjali honoured with Aaj Tak Care Award for Employing People with disabilities

Book-Post

if undelivered please return to:

GITANJALI

REGISTERED OFFICE
A-1, 7th Floor, Laxmi Towers,
Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
Tel: +91 22 40354600 / 601

www.gitanjaligroup.com

GITANJALI

GGL/S&L/2013/180

Date: 11 SEP 2013

To

Listing The Listing Department
Bombay Stock Exchange Limited
P.J. Towers, Dalal Street
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza
Bandra – Kurla Complex
Bandra (East)
Mumbai - 400 051

Dear Sir,

Sub. : Submission of Annual Report for the financial year 2012-13

Ref. : 1) Clause 31 of the Listing Agreement
2) BSE Scrip Code: 532715
3) NSE Scrip Symbol: GITANJALI

With regard to the captioned subject matter and reference quoted above and pursuant to Clause 31 (a) of Listing Agreement, we are submitting Six Copies of Annual Report of the company for the financial year 2012-13 along with Form A mentioned below:

Form A

Sr. no.	Particulars	
1	Name of the company	Gitanjali Gems Limited
2	Annual financial statements for the year ended	31st March, 2013
3	Type of Audit observation	Unqualified / ~~Matter of Emphasis~~
4	Frequency of observation	Whether appeared first time / repetitive / since how long period : Not Applicable

This is for your information and records.

For Gitanjali Gems Limited

(Mehul C. Choksi)
Managing Director

(Kapil Khandelwal)
Chief Financial Officer

(M.S. Sundararajan)
Chairman of Audit Committee

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm registration no. 102860W

A.D.Shenoy
Partner
Membership no. 11549

FORD, RHODES, PARKS & CO. FIRM'S REGN. No. 102860W A.D.S. C.A.