

Annual Report 2009-2010



Goenka Diamond & Jewels Limited

Board of Directors

Mr. Nandlal Goenka
Chairman

Mr. Navneet Goenka
Vice Chairman and Managing Director

Mr. Nitin Goenka
Managing Director

Dr. A. C. Shah
Independent Director

Mr. Vijay Kalantri
Independent Director

Mr. S. N. Sharma
Independent Director

Company Secretary

Mrs. Hemangi S. Patil

Registered Office

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

Corporate Office

1305, Panchratna,
Opera House, Mumbai - 400 004
Telephone: + 91 22 23620222;
Facsimile: + 91 22 2367 6020;
Email: cs@goenkadiamonds.com
Website: www.gdjl.co.in

Joint Auditors

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

M/s. Harbhakti & Co.
Chartered Accountants

Bankers

Punjab and Sindh Bank
Punjab National Bank
UCO Bank
State Bank of India

Registrar and Share Transfer agents

Karvy Computershare Pvt. Ltd.
46, Avenue-4, Street No. 1,
Banjara Hills, Hyderabad- 500 034
Tel.: 040 2342 0815 /24
Fax: 040 2342 0814
Website: www.karvy.com

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

ANNUAL GENERAL MEETING

Saturday, 25th September 2010 at 10.00 a.m.

Venue : Royal Court, Country Inn & Suites by Carlson,
M.I.Road, Khasa Kothi Circle, Jaipur 302001



CONTENTS	Page
Director's Profiles	2-3
Notice	4-8
Annexure to Notice	9-14
Director's Report	15-17
Management Discussion and Analysis Report	18-19
Report on Corporate Governance	20-28
Auditors' Report	29-31
Balance Sheet	32
Profit & Loss Account	33
Cash Flow Statement	34
Schedules to the Account	35-42
Notes to accounts	43-52
Balance Sheet Abstract	53
Subsidiary Company Accounts	54-60
Statement Pursuant to Section 212 of the Companies Act, 1956	61

Brief profile of our Directors



Mr. Nand Lal Goenka, 60 years, is the Chairman of our Company. He is the founder member of our Company and has been with our Company as a Director since the time of incorporation. On October 28, 2002, he was appointed as a whole time Director and on April 15, 2008, he was appointed as the Chairman of our Company till March 31, 2013. He holds a graduate degree in chemicals from Rajasthan University, Jaipur. Mr. Nand Lal Goenka has approximately 40 years of experience in the jewellery export, retail and designing business. Mr. Nand Lal Goenka was honoured with 'National Unity Award' by the Governor of Rajasthan on June 26, 1993 for outstanding services, achievements and contributions at the 34th All India National Unity Conference in Jaipur. Mr. Nand Lal Goenka was

also the first jeweller whose achievements in the gems and jewellery sector were featured in national television in 1992, in a programme titled - "The Face in the Crowd". Mr. Goenka was the vice president of Federation of Rajasthan Trade and Industry, which consists of 160 trade associations as its members. As the founder member of our Company, Mr. Nand Lal Goenka is in charge of planning and executing the growth strategy of our Company. He also looks after the general administration of our Company and is in charge of procuring raw materials required by our Company.



Mr. Navneet Goenka, 33 years, is the Vice-Chairman and Managing Director of our Company. He was appointed as an additional Director of our Company on December 9, 1994 and appointed as Director of our Company in the AGM of our Company dated September 29, 1995. On October 28, 2002, he was appointed as a whole time Director of our Company and on April 15, 2008, he was appointed as the vice-Chairman and managing Director of our Company till March 31, 2013. He is a commerce graduate from the Mumbai University and has a graduate diamonds diploma from the Gemological Institute of America, New York. Mr. Navneet Goenka has approximately 16 years of experience in the jewellery export, retail and designing business. He had joined our Company at a

very young age and has been contributing to its growth since then. He is the chief financial officer of our Company and also heads the export-import department and the production activities of our Company. Further, Mr. Navneet Goenka also takes care of the all the matters relating to the Subsidiary of our Company.



Mr. Nitin Goenka, 29 years, is the managing Director of our Company. He was appointed as an additional Director of our Company on April 1, 2002 and appointed as Director of our Company in the AGM dated September 30, 2002. On October 28, 2002, he was appointed as a whole time Director and on April 15, 2008, he was appointed as the managing Director of our Company till March 31, 2013. He holds Bachelor's in Business Administration from Pace University, New York with majors in Management Information System and Retail Marketing. He also holds a diploma in diamond grading and jewellery designing from Gemological Institute of America, New York. Mr. Nitin Goenka has approximately ten years of experience in the jewellery export, retail and designing business. He had

joined our Company very early and has been contributing to its growth since then. Mr. Nitin Goenka is in charge of promotions, branding, jewellery production and designing departments of our Company.



GOENKA DIAMOND AND JEWELS LIMITED



Dr. A.C. Shah, 75 years, is a non executive and independent Director of our Company. He has been appointed as the independent Director of our Company on July 31, 2009. He holds a B.A (Honours) degree from, St. Xavier's College, Mumbai, a master's degree in arts and a doctorate in economics from the University of Mumbai. He has over 30 years of experience in banking sector. He retired as the chairman and managing director of Bank of Baroda on February 1993. He has also been a director of many leading institutions such as Unit Trust of India, Discount and Finance House of India, Small Industries Development Bank of India, Industrial Reconstruction Bank of India, Agricultural Finance Corporation. He was also the chairman of ANVIL, a housing subsidiary of Bank of Baroda and the deputy chairman of Indian Banks Association. He was also a member of governing board of the

National Institute of Bank Management and Indian Institute of Bankers. Since his retirement, he has held various positions of responsibility such as advisor to Unit Trust of India, director of the supervisory board of the National Bank of Agriculture and Rural Development, trustee of Lilavati Hospital.



Mr. Vijay G. Kalantri, 60, is a non executive and independent Director of our Company. He has been appointed as the non executive Director of our Company on July 31, 2009. He holds Government Commercial Diploma and textile diploma from Synthetic and Art Silk Mills Research Association, Mumbai. He is an industrialist and has over 40 years of experience in textiles, leasing finance and infrastructure development. He is the President of All India Association of Industries, Indian Council of Foreign Trade, Indo-Polish Chamber of Commerce and Industry. He is also a member of various committees of Reserve Bank of India such as Standing Committee of Small Scale Industries, Exchange Control Committee, All India Export Advisory Committee and also a member of Steel Consumer Council, Bombay Stock Exchange Derivatives Council Board, Advisory Board of Corporate Governance

Committee of SEBI and Central Council of Customs and Exercise. He is also on the national advisory board member for Small Industrial and Development Bank of India and Employees State Insurance Corporation. He also served as director of many institutions such as the Maharashtra Small Scale Industries Development Corporations Limited, Dena Bank and Canara Bank. He also won "Commander Cross of the Order Of Merit" the highest civilian award by the government of Poland.



Mr. S.N. Sharma, 74 years, is a non executive and independent Director of our Company. He has been appointed as an independent Director of our Company on July 31, 2009. He holds a mining engineering degree from Indian School of Mines, Dhanbad. He started his career as coal mines manager in Dhanbad in July 1956. He also worked as chief mining engineer with 'Fertilizer Corporation of India' for over 10 years from April 1963 to March 1973. In 1978, he was specifically selected by the Government of India, to work on the formation of a joint venture company namely 'Hindustan Diamond Company', with De Beers Consolidated Limited, and became its first chairman and managing director, a post which he held for 14 years till 1991. He has promoted many research and development activities like new and non polluting techniques in diamond and gemstone cutting and polishing. He

is currently the chairman and managing director of Diamond and Gem Development Corporation Limited, the developer and operator of Surat Special Economic Zone one of the first private sector Special Economic Zones in India. He is also the president of SEZ Developers' Association of India. In recognition of his services to promoting bi-lateral relations between India and Republic of Angola, the Government of Angola has conferred upon him the honour of representing Angola in Mumbai as the Honorary Consul General of Angola for the states of Maharashtra, Gujarat and Goa. In this capacity, Mr. Sharma has been working towards development of economic ties between India and Angola. He is also President of the "Indo-Angola Chamber of Commerce & Industry". He has also published two books titled "Where Have We Gone Wrong" in English and "Hum Bhatke Kahan" in Hindi released by Shri. L K. Advani in the year 1994.

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of **GOENKA DIAMOND AND JEWELS LIMITED** ('the Company') will be held on Saturday, 25th September 2010 at 10.00 a.m. at "Royal Court", Country Inn & Suites by Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001 to transact the following businesses:

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March 2010, Profit and Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a director in place of Dr. A. C. Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Vijay Kalantri, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s Haribhakti & Co., and M/s. B. Khosla & Co., Chartered Accountants, as the Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. **Revision in remuneration of Mr. Nandlal Goenka, Chairman of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such approvals, if any, the consent of the Shareholders of the Company be and is hereby accorded to the revision in remuneration, as determined and recommended by the Remuneration Committee, payable to Mr. Nandlal Goenka as Chairman of the Company as detailed hereunder:

1. **REMUNERATION :**

Salary shall not exceed Rs. 5,00,000 Lacs per month with annual increments being determined and recommended by the Remuneration Committee and to be approved by the Board of Directors on a year-to-year basis.

2. **BONUS :**

Bonus will be paid in accordance with the Company's rules.

3. **PERQUISITES :**

In addition to Salary as above, the Chairman shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, as permissible under law together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs and other allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance and such other perquisites as are payable in accordance with the rules of the Company or as may be agreed to by the Remuneration Committee and/or Board of Directors and the Chairman. However, such perquisites will be subject to a ceiling of 100% of the salary.

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Chairman, the Company has made no profits or its profits are inadequate, the Company shall pay to the Chairman, the above Salary and perquisites as Minimum Remuneration subject to the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956.



4. **The Chairman shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :**
 - a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
 - b. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - c. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Chairman shall be entitled to encash leave at the end of his tenure as Chairman.
 - d. Provision for Car and Telephone communication facilities at the residence of the Chairman shall not be treated as perquisites.

5. **Other terms :**
 - a. The appointment of the Chairman may be terminated by either side by giving six months notice in writing.
 - b. The Chairman shall unless prevented by ill health, through out the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use his utmost endeavor to promote the interest thereof. The Board commends the approval by the members for the revision in the remuneration payable to him.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to execute all such documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

7. **Revision in remuneration of Mr. Navneet Goenka, Vice Chairman & Managing Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such approvals, if any, the consent of the Shareholders of the Company be and is hereby accorded to the revision in remuneration, as determined and recommended by the Remuneration Committee, payable to Mr. Navneet Goenka as Vice Chairman & Managing Director of the Company as detailed hereunder:

1. **REMUNERATION :**

Salary shall not exceed Rs. 4,00,000 lacs per month with annual increments being determined and recommended by the Remuneration Committee and to be approved by the Board of Directors on a year-to-year basis.

2. **BONUS :**

Bonus will be paid in accordance with the Company's rules.

3. **PERQUISITES :**

In addition to Salary as above, the Vice Chairman & Managing Director shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, as permissible under law together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs and other allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance and such other perquisites as are payable in accordance with the rules of the Company or as may be agreed to by the Remuneration Committee and/or Board of Directors and the Vice Chairman & Managing Director. However, such perquisites will be subject to a ceiling of 100% of the salary.

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Vice Chairman & Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Vice Chairman & Managing Director, the above Salary and perquisites as Minimum Remuneration subject to the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956.

4. **The Vice Chairman & Managing Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :**
 - a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
 - b. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - c. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Vice Chairman & Managing Director shall be entitled to encash leave at the end of his tenure as Vice Chairman & Managing Director.
 - d. Provision for Car and Telephone communication facilities at the residence of the Vice Chairman & Managing Director shall not be treated as perquisites.
5. **Other terms :**
 - a. The appointment of the Vice Chairman & Managing Director may be terminated by either side by giving six months notice in writing.
 - b. The Vice Chairman & Managing Director shall unless prevented by ill health, through out the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use his utmost endeavor to promote the interest thereof. The Board commends the approval by the members for the revision in the remuneration payable to him.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to execute all such documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

8. **Revision in remuneration of Mr. Nitin Goenka, Managing Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such approvals, if any, the consent of the Shareholders of the Company be and is hereby accorded to the revision in remuneration, as determined and recommended by the Remuneration Committee, payable to Mr. Nitin Goenka as Managing Director of the Company as detailed hereunder:

1. **REMUNERATION :**

Salary shall not exceed Rs. 4,00,000/- lacs per month with annual increments being determined and recommended by the Remuneration Committee and to be approved by the Board of Directors on a year-to-year basis.

2. **BONUS :**

Bonus will be paid in accordance with the Company's rules.

3. **PERQUISITES :**

In addition to Salary as above, the Managing Director shall be entitled to perquisites like accommodation (furnished



GOENKA DIAMOND AND JEWELS LIMITED

or otherwise) or house rent allowance in lieu thereof house maintenance allowance as permissible under law together with reimbursement of expenses or allowances for utilities such as gas, electricity, water furnishings repairs and other allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance and such other perquisites as are payable in accordance with the rules of the Company or as may be agreed to by the Remuneration Committee and/or Board of Directors and the Managing Director. However, such perquisites will be subject to a ceiling of 100% of the salary.

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites as Minimum Remuneration subject to the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956.

4. **The Managing Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :**

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- b. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
- c. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Managing Director **shall be entitled to encash leave at the end of his tenure as Managing Director.**
- d. Provision for Car and Telephone communication facilities at the residence of the Managing Director shall not be treated as perquisites.

5. **Other terms :**

- a. The appointment of the Managing Director may be terminated by either side by giving six months notice in writing.
- b. The Managing Director shall unless prevented by ill health, through out the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use his utmost endeavor to promote the interest thereof. The Board commends the approval by the members for the revision in the remuneration payable to him.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to execute all such documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

Registered office:

401, Panchratana,
M. S. B. Ka Rasta,
Johari Bazar,
Jaipur-302003

Date: May 26, 2010

By Order of the Board of Directors

Hemangi Patil
Company Secretary

20th Annual Report 2009-2010

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing a proxy should be deposited at the registered office of the Company not less than 48 hrs (forty-eight hours) before the commencement of the meeting.
3. Members/ Proxies should fill the Attendance Slip for attending the meeting.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
5. Brief resume of the directors seeking re-election is annexed herewith.
6. Members who hold their shares in dematerialized form are requested to write their client ID and DP ID number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. In case of joint holders attending the Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 18th September 2010 to Saturday, 25th September 2010 (both days inclusive).
9. Members holding shares in physical form may write to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited) for any changes in their addresses and bank mandates, members holding shares in electronic form may inform the same to their Depository Participants.
10. Corporate Members are requested to send a duly certified copy of Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
11. Consequent to the introduction of Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited). (Form 2B will be made available on request from RTA)

Registered office:

401, Panchratana,
M. S. B. Ka Rasta,
Johari Bazar,
Jaipur-302003

Date: May 26, 2010

By Order of the Board of Directors

Hemangi Patil
Company Secretary



ANNEXURE TO NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 6 - Revision in remuneration of Mr. Nandlal Goenka, Chairman of the Company

The Remuneration Committee and the Board of Directors at its meeting held on 26th May 2010 had approved revision in the remuneration of Mr. Nandlal Goenka with effect from 1st April, 2010 for the remaining tenure.

The present remuneration of Mr. Nandlal Goenka is Rs. 15 lacs per annum. Subject to the approval of the members, based on the recommendations of the Remuneration Committee, the Board had approved an increase in the present remuneration of Mr. Nandlal Goenka. The details are given below:

1. **REMUNERATION :**

Salary shall not exceed Rs. 5,00,000 Lacs per month with annual increments being determined and recommended by the Remuneration Committee and to be approved by the Board of Directors on a year-to-year basis.

2. **BONUS :**

Bonus will be paid in accordance with the Company's rules.

3. **PERQUISITES :**

In addition to Salary as above, the Chairman shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, as permissible under law together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs and other allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance and such other perquisites as are payable in accordance with the rules of the Company or as may be agreed to by the Remuneration Committee and/or Board of Directors and the Chairman. However, such perquisites will be subject to a ceiling of 100% of the salary.

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Chairman, the Company has made no profits or its profits are inadequate, the Company shall pay to the Chairman, the above Salary and perquisites as Minimum Remuneration subject to the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956.

4. **The Chairman shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :**

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- b. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
- c. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Chairman shall be entitled to encash leave at the end of his tenure as Chairman.
- d. Provision for Car and Telephone communication facilities at the residence of the Chairman shall not be treated as perquisites.

5. **Other terms :**

- a. The appointment of the Chairman may be terminated by either side by giving six months notice in writing.
- b. The Chairman shall unless prevented by ill health, through out the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations

from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use his utmost endeavor to promote the interest thereof.

6. **MINIMUM REMUNERATION :**

Notwithstanding anything to the contrary herein, where in any financial year, during the currency of the tenure of the appointment, the Company has no profits or its profits are inadequate, the salary, perquisites and benefits shall not exceed the ceilings laid down in this behalf under Schedule XIII of the Companies Act, 1956 or any amendment thereof.

The terms and conditions of Mr. Nandlal Goenka's remuneration as set out above may be treated as an abstract of the Agreement between the Company and Mr. Nandlal Goenka pursuant to Section 302 of the Companies Act, 1956.

The Board recommends passing of this resolution.

Mr. Nandlal Goenka is concerned or interested in the said Resolution at item no.6 of the accompanying notice as it relates to his terms of appointment. Mr. Navneet Goenka and Mr. Nitin Goenka being the relatives are deemed to be concerned or interested in the said resolution.

A copy of the Agreement of Mr. Nandlal Goenka as Chairman of the Company is open for inspection by the shareholders at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m.

Item No. 7 - Revision in remuneration of Mr. Navneet Goenka, Vice Chairman & Managing Director of the Company

The Remuneration Committee and the Board of Directors at its meeting held on 26th May 2010 had approved revision in the remuneration of Mr. Navneet Goenka with effect from 1st April, 2010 for the remaining tenure.

The present remuneration of Mr. Navneet Goenka is Rs. 12 lacs per annum. Subject to the approval of the members, based on the recommendations of the Remuneration Committee, the Board had approved an increase in the present remuneration of Mr. Navneet Goenka. The details are given below:

1. **REMUNERATION :**

Salary shall not exceed Rs. 4,00,000 Lacs per month with annual increments being determined and recommended by the Remuneration Committee and to be approved by the Board of Directors on a year-to-year basis.

2. **BONUS :**

Bonus will be paid in accordance with the Company's rules.

3. **PERQUISITES :**

In addition to Salary as above, the Vice Chairman & Managing Director shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, as permissible under law together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs and other allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance and such other perquisites as are payable in accordance with the rules of the Company or as may be agreed to by the Remuneration Committee and/or Board of Directors and the Vice Chairman & Managing Director. However, such perquisites will be subject to a ceiling of 100 % of the salary.

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Vice Chairman & Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Vice Chairman & Managing Director, the above Salary and perquisites as Minimum Remuneration subject to the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956.

4. **The Vice Chairman & Managing Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :**



- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- b. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
- c. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Vice Chairman & Managing Director shall be entitled to encash leave at the end of his tenure as Vice Chairman & Managing Director.
- d. Provision for Car and Telephone communication facilities at the residence of the Vice Chairman & Managing Director shall not be treated as perquisites.

5. Other terms :

- a. The appointment of the Vice Chairman & Managing Director may be terminated by either side by giving six months notice in writing.
- b. The Vice Chairman & Managing Director shall unless prevented by ill health, through out the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use his utmost endeavor to promote the interest thereof.

6. MINIMUM REMUNERATION :

Notwithstanding anything to the contrary herein, where in any financial year, during the currency of the tenure of the appointment, the Company has no profits or its profits are inadequate, the salary, perquisites and benefits shall not exceed the ceilings laid down in this behalf under Schedule XIII of the Companies Act, 1956 or any amendment thereof.

The terms and conditions of Mr. Navneet Goenka's remuneration as set out above may be treated as an abstract of the Agreement between the Company and Mr. Navneet Goenka pursuant to Section 302 of the Companies Act, 1956.

The Board recommends passing of this resolution.

Mr. Navneet Goenka is concerned or interested in the said Resolution at item no.7 of the accompanying notice as it relates to his terms of appointment. Mr. Nandlal Goenka and Mr. Nitin Goenka being the relatives are deemed to be concerned or interested in the said resolution.

A copy of the Agreement of Mr. Navneet Goenka as Vice Chairman & Managing Director of the Company is open for inspection by the shareholders at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m.

Item No. 8 - Revision in remuneration of Mr. Nitin Goenka, Managing Director of the Company

The Remuneration Committee and the Board of Directors at its meeting held on 26th May 2010 had approved revision in the remuneration of Mr. Nitin Goenka with effect from 1st April, 2010 for the remaining tenure.

The present remuneration of Mr. Nitin Goenka is Rs. 12 lacs per annum. Subject to the approval of the members, based on the recommendations of the Remuneration Committee, the Board had approved an increase in the present remuneration of Mr. Nitin Goenka. The details are given below:

1. REMUNERATION :

Salary shall not exceed Rs. 4,00,000 Lacs per month with annual increments being determined and recommended by the Remuneration Committee and to be approved by the Board of Directors on a year-to-year basis.

2. BONUS :

Bonus will be paid in accordance with the Company's rules.

3. PERQUISITES :

In addition to Salary as above, the Managing Director shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, as permissible under law together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs and other

allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance and such other perquisites as are payable in accordance with the rules of the Company or as may be agreed to by the Remuneration Committee and/or Board of Directors and the Managing Director. However, such perquisites will be subject to a ceiling of 100% of the salary.

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites as Minimum Remuneration subject to the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956.

4. **The Managing Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :**

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- b. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
- c. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Managing Director shall be entitled to encash leave at the end of his tenure as Managing Director.
- d. Provision for Car and Telephone communication facilities at the residence of the Managing Director shall not be treated as perquisites.

5. **Other terms :**

- a. The appointment of the Managing Director may be terminated by either side by giving six months notice in writing.
- b. The Managing Director shall unless prevented by ill health, through out the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such power as shall from time to time be assigned to or vested in him by the Board of Directors, and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use his utmost endeavor to promote the interest thereof.

6. **MINIMUM REMUNERATION :**

Notwithstanding anything to the contrary herein, where in any financial year, during the currency of the tenure of the appointment, the Company has no profits or its profits are inadequate, the salary, perquisites and benefits shall not exceed the ceilings laid down in this behalf under Schedule XIII of the Companies Act, 1956 or any amendment thereof.

The terms and conditions of Mr. Nitin Goenka's remuneration as set out above may be treated as an abstract of the Agreement between the Company and Mr. Nitin Goenka pursuant to Section 302 of the Companies Act, 1956.

The Board recommends passing of this resolution.

Mr. Nitin Goenka is concerned or interested in the said Resolution at item no.8 of the accompanying notice as it relates to his terms of appointment. Mr. Nandlal Goenka and Mr. Navneet Goenka being the relatives are deemed to be concerned or interested in the said resolution.

A copy of the Agreement of Mr. Nitin Goenka as Managing Director of the Company is open for inspection by the shareholders at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m.

Registered office:

401, Panchratana,
M. S. B. Ka Rasta,
Johari Bazar,
Jaipur-302003

Date: May 26, 2010

By Order of the Board of Directors

Hemangi Patil
Company Secretary



GOENKA DIAMOND AND JEWELS LIMITED

ANNEXURE TO NOTICE

In compliance of Code of Corporate Governance and Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of the directors seeking re-appointment at the 20th ANNUAL GENERAL MEETING is provided hereunder:

Name of Director	Dr. A. C. Shah	Mr. Vijay Kalantri
Date of Birth	16.10.1932	05.01.1949
Date of appointment	31.07.2009	31.07.2009
Qualifications	B.A (Honours) degree from, St. Xavier's College, Mumbai, a master's degree in arts and a doctorate in economics from the University of Mumbai	He holds Government Commercial Diploma and textile diploma from Synthetic and Art Silk Mills Research Association, Mumbai.
Expertise in specific functional areas	<p>He has over 30 years of experience in banking sector. He retired as the Chairman and Managing Director of Bank of Baroda on February 1993. He has also been a Director of many leading institutions such as Unit Trust of India, Discount and Finance House of India, Small Industries Development Bank of India, Industrial Reconstruction Bank of India, Agricultural Finance Corporation. He was also the Chairman of ANVIL, a housing subsidiary of Bank of Baroda and the deputy Chairman of Indian Banks Association. He was also a member of governing board of the National Institute of Bank Management and Indian Institute of Bankers. Since his retirement, he has held various positions of responsibility such as advisor to Unit Trust of India, director of the supervisory Board of the National Bank of Agriculture and Rural Development, trustee of Lilavati Hospital.</p>	<p>He is an industrialist and has over 40 years of experience in textiles, leasing finance and infrastructure development. He is the President of All India Association of Industries, Indian Council of Foreign Trade, Indo-Polish Chamber of Commerce and Industry. He is also a member of various committees of Reserve Bank of India such as Standing Committee of Small Scale Industries, Exchange Control Committee, All India Export Advisory Committee and also a member of Steel Consumer Council, Bombay Stock Exchange Derivatives Council Board, Advisory Board of Corporate Governance Committee of SEBI and Central Council of Customs and Excise. He is also on the national advisory board member for Small Industrial and Development Bank of India and Employees State Insurance Corporation. He also served as Director of many institutions such as the Maharashtra Small Scale Industries Development Corporations Limited, Dena Bank and Canara Bank. He also won "Commander Cross of the Order of Merit" the highest civilian award by the Government of Poland.</p>

20th Annual Report 2009-2010

<p>Directorship held in other public companies</p>	<ol style="list-style-type: none"> 1. Adani Enterprises Limited; 2. Elecon Engineering Limited; 3. S. Kumar Nationwide Limited; 4. Brandhouse Retails Limited; 5. Benchmark Trustee Company Private Limited; 6. Goldcrest Finance (India) Limited; and 7. Gujarat Petrosynthese Limited. 	<ol style="list-style-type: none"> 1. Balaji Infra Projects Limited; 2. Balaji Infrastructure & Development Co. Ltd.; 3. Dighi Port Limited; 4. Dighi Project Development Co. Limited; 5. Dighi Rail Infrastructure Limited; 6. Hindustan Housing Finance & Development Corporation Limited; 7. Sovereign Diamonds Limited; 8. VIP Industries Limited; 9. Man Industries (I) Limited; 10. Vindyachal Hydro Power Limited; 11. Zicom Security Systems Limited 12. Gannon Dunkerley & Co. Limited; 13. Shree Ram Urban Infrastructure Limited; and 14. S. Kumars Nationwide Limited.
<p>Chairmanship/ Membership of Committees of the Public Companies (includes only Audit, Remuneration and Shareholders'/ Investors' Grievance Committee)</p>	<ol style="list-style-type: none"> 1. Adani Enterprises Limited; 2. Elecon Engineering Limited; 3. S. Kumar Nationwide Limited; 4. Brandhouse Retails Limited; 5. Benchmark Trustee Company Private Limited; 6. Goldcrest Finance (India) Limited; and 7. Gujarat Petrosynthese Limited. 	<ol style="list-style-type: none"> 1. Man Industries (I) Limited; 2. VIP Industries Limited; 3. Zicom Security Systems Limited 4. S. Kumars Nationwide Limited; 5. Shree Ram Urban Infrastructure Limited.



GOENKA DIAMOND AND JEWELS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting before the members the Twentieth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2010.

Financial Highlights

(Rs. In lacs)

	31.03.2010	31.03.2009
Sales and Other Income	53719.60	45121.98
Less: Expenses	49270.71	42200.32
Profit before tax and depreciation	4448.88	2921.66
Less: Depreciation	105.41	56.37
Net Profit/(Loss) before Tax	4343.47	2865.30
Less: Income tax and provision	222.03	125.00
Less: Deferred Tax	5.17	(3.25)
Less: Excess Provision of Income Tax W/back	-	(1.11)
Less: Reversal of Fringe Benefit Tax	(2.01)	6.85
Profit/(Loss) after tax	4118.27	2737.81
Balance brought forward from previous year	5743.26	3087.42
Profit available for appropriation	9861.53	5825.23
Appropriation		
Issue of Bonus shares	1042.02	-
General Reserve	-	68.04
Proposed Dividend on Equity shares	317.00	11.91
Tax on Proposed Dividend	53.87	2.02
Profit carried over to Balance Sheet	8448.64	5743.26
Earning per share	18.44	12.26

Turnover & Profits

The Directors wish to inform you that during the financial year ended 31st March 2010, the sales and operating income increased from Rs. 45,121.98 lacs to Rs. 53,719.60 lacs showing a substantial increase of 16% over previous year. The Net Profit before tax stood at Rs.4,343.47 lacs as against Rs. 2,865.30 lacs in the previous year. The Net Profit after tax stood at Rs. 4,118.27 lacs as against Rs. 2,737.81 lacs in the previous year which shows an increase of 50.58% in the net profit which is on the higher side then increase in the turn over.

Dividend

The Board, for the year ended 31st March 2010 has recommended a dividend of 10%. The payment of dividend is subject to the approval of shareholders at the Annual General Meeting and will be paid on 3,17,00,000 Equity Shares @ Re.1/- per share.

Increase in Authorised Share Capital

The Authorised share capital of the company increased from Rs. 12,00,00,000 divided into 1,20,00,000 equity shares of Rs. 10/- each to Rs. 33,00,00,000 divided into 3,30,00,000 Equity Shares of Rs. 10 each by Shareholders' Resolution dated July 31, 2009.

20th Annual Report 2009-2010

Increase in Paid up Capital

Company's Paid-Up Share Capital as on the date of last AGM i.e. on July 30, 2009 was 1,19,08,800 Equity Shares of Rs. 10/- each amounting to Rs. 11,90,88,000/-.

During the period since last AGM till this AGM the paid-up share capital of the Company has been increased as follows:

- a) On September 6, 2009, the Company allotted 1,04,20,200 Equity Shares of Rs.10/- each through Bonus issue during the year and thereby increased the paid up capital to Rs. 22,32,90,000/-
- b) On April 8, 2010, the Company allotted 9,371,000 Equity Shares of Rs.10/- each under the IPO and thereby increased the paid up capital to Rs.317,000,000/-

Initial Public Offer of Equity Shares (IPO)

The Company made an IPO of 9,371,000 Equity Shares of Rs.10/- each at an issue price of Rs.135/- per share through book building process. The issue opened for subscription on March 23, 2010 and closed on March 26, 2010. The shares were allotted to the successful applicants on the basis of allotment as approved by the Stock Exchange. The shares of the Company got listed with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on April 16, 2010.

IPO fund utilization

Gross proceeds from the IPO was aggregating to Rs. 12651 lacs. After adjusting issue related expenses IPO proceeds has been planned to be utilized as follows:

S. No.	Particulars of expenditure	Amount (Rs. in lakhs)
1.	Establishment of <i>G WILD</i> Stores	516.72
2.	Establishment of <i>CERES</i> Stores	213.02
3.	Working capital requirement for jewellery business	8,459.96
4.	Establishment of jewellery manufacturing facility	384.36
5.	Establishment of diamond processing facility	329.23
6.	Investment in our Subsidiary Company	2,500.00
7.	General corporate purposes	218.37
8.	Issue expenses	878.34
	Total	13,500.00

Subsidiary Company and Consolidated Financials

In terms of Section 212 of the Companies Act, 1956, the Annual Accounts of M. B. Diamonds, a Limited Liability Company, Russia, which is its Subsidiary, as at 31st March 2010 are furnished as attachment to the Annual Report of your Company. Information on operations of these Companies has been incorporated in the respective Company's Charter. The statement as required under Section 212 of the Companies Act, 1956 is also attached as a part of the Annual Report.

Fixed Deposits

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

Related Party Transactions

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

Directors

During the year, there were no changes in the Board of Directors of your company.

Dr. A. C. Shah and Mr. Vijay Kalantri, Directors of the Company retires by rotation at the ensuing Annual General Meeting and being eligible have agreed to offer themselves for re-appointment.

Brief resume of the Directors to be re-appointed is given in the annexure to the notice convening the 20th Annual General Meeting of the Company.

Directors' Responsibilities Statement

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



- a) In the preparation of the annual accounts for the financial year ended 31st March 2010, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

Auditors

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

Auditors' Report

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

Particulars of Employees

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

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

A. Conservation of Energy

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

B. Technology Absorption, Adaptations & Innovation

The Company has not carried out any specific research and development activities.

The Company uses indigenous technology for its operations. Accordingly, the information related to technology absorption, adaptation and innovation is reported to be NIL.

C. Foreign Exchange Earnings and Outgo

The Information regarding Foreign exchange earnings and outgo is contained in the point nos. 9 and 10 of the Schedule XXI of the accounts.

Acknowledgement

The Board would like to place on record its gratitude for the faith reposed and the co-operation extended by Banks, Financial Institutions, Government Authorities, Customers, and Shareholders of the Company and looks forward to continued support and co-operation from them.

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

NANDLAL GOENKA
Chairman

Place: Mumbai

Date: 26th May 2010

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of the Company is pleased to present this report covering the activities of the Company during the year 2009-2010.

Our Company is promoted by Mr. Nand Lal Goenka who has over 40 years of experience in the gems and jewellery business and his two sons, Mr. Navneet Goenka and Mr. Nitin Goenka.

COMPANY OVERVIEW

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

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

- **Global economic growth and competition within the industry**

Diamond Business operations are affected by changes in the global economy. Primary revenue source of the Company is export of diamond and Jewellery. The ambit of Company in export market is majorly in the US and South East Asia the Company is trying to expand its ambit in the near future.

- **Expansion of retail Jewellery business and to establish our brands**

The Company holds two Jewellery brands viz. CERES and G WILD which are luxury brands which helps improving the brand equity of the Company.

- **Foreign currency fluctuations**

Export/ Import being the major activity of our Company, substantial income and expense of our Company are in Foreign Currency. The exchange rate between Rupee and US Dollar has been substantially volatile in recent times. Due to this factor there may be heavy foreign exchange gain or loss.

- **Competitive Conditions**

Competition in gem and Jewellery sector will intensify with the passage of time. The management of your Company is ready to face the competition and to counter the measures and policies of the competitors.

OUTLOOK

Consistency and competitive price is the essence of the diamond and Jewellery business. To maintain this consistency and competitive price alongwith the ease in the business operations your Company procures Raw Material from the various sources.

Your management understands that it is Golden Rule of the business to have in house source for raw material and to mitigate the risk of sourcing raw material. Therefore, your Company has a subsidiary in Russia in the name and style of M. B. Diamonds, a LLC.



Cautionary Statement

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

Acknowledgement

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

For Goenka Diamond and Jewels Limited

NANDLAL GOENKA
Chairman

Place : Mumbai
Date : May 26, 2010

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

I) Corporate Philosophy on Code of Governance

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

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

II) Board of Directors

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

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

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

Name of Directors	Category	Attendance Particulars		Number of other Directorships and Committee Memberships / Chairpersonships		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairpersonships
Mr. Nandlal Goenka Chairman	C	23	Yes	8	Nil	Nil
Mr. Navneet Goenka Vice Chairman and Managing Director	ED	23	Yes	8	Nil	Nil
Mr. Nitin Goenka Managing Director	ED	22	Yes	4	Nil	Nil
Dr. A. C. Shah* Independent Director	NED	4	NA	7	5	5
Mr. Vijay G. Kalantri * Independent Director	NED	4	NA	14	6	Nil
Mr. S. N. Sharma* Independent Director	NED	3	NA	1	Nil	Nil

C : Chairman

ED : Executive Director

NED : Non-Executive Director

NA : Not Applicable

Notes:

* Appointed as an Independent Director at the AGM held on 31st July 2009



Board Meetings

Twenty three Board Meetings were held during the year under review. The dates on which the said meetings were held are as follows:

01.04.2009	01.06.2009	02.06.2009	06.06.2009	18.06.2009	22.06.2009
04.07.2009	08.07.2009	27.07.2009	31.07.2009	01.08.2009	07.08.2009
06.09.2009	10.09.2009	12.09.2009	17.09.2009	21.11.2009	08.12.2009
08.01.2010	02.02.2010	10.02.2010	15.02.2010	19.03.2010.	

The detailed agenda along with notice and supporting documents/ papers is circulated to Directors in advance. The draft minutes of the board and committee meetings were circulated to all the Directors immediately after meeting and finalized minutes of proceedings of a meeting were entered in the Minutes Book within thirty days from the conclusion of that meeting. The minutes of the previous meeting were confirmed and signed by the Chairman in the next meeting held thereafter.

Audit Committee

The Audit Committee was constituted on 1st August 2009 and comprises of the following Non-Executive Independent Directors:

Chairman: Dr. A. C. Shah

Members : Mr. Vijay G. Kalantri
Mr. S. N. Sharma

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

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

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

Date of the Meeting	Quorum
01.08.2009	3
12.09.2009	3
10.02.2010	2

As at the 19th Annual General Meeting of the Company held on 31st July 2009, the Audit Committee was not constituted, the Chairman of the Audit Committee was not present.

The terms of the reference of the Audit Committee are as per the guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956 and interalia it briefly includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible ;
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit fees;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to :

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

Remuneration Committee

The Remuneration Committee was constituted on 1st August 2009 and comprises of the following Non-Executive Independent Directors:

Chairman: Mr. Vijay G. Kalantri

Members : Dr. A. C. Shah

Mr. S. N. Sharma

The Company Secretary of the Company acts as the Secretary of the Committee.

The committee is entrusted with the role and responsibilities of approving compensation packages of Managing Director and Whole-time Directors, reviewing and approving the performance based compensation packages of senior managerial personnel. During the year under review, the committee met three times. The remuneration of the Directors is decided by the Board of Directors as per the remuneration policy of the Company within the ceiling approved by the Shareholders.



The Non-Executive Directors are paid sitting fees for meetings of Directors and Committees of Directors. Apart from receiving the sittings fees, there is no pecuniary transaction by the Company with the Non-Executive Directors.

Shareholders'/ Investors' Grievance Committee

Terms of Reference

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

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

Chairman: Mr. S. N. Sharma

Members : Dr. A. C. Shah

Mr. Vijay G. Kalantri

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

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

No request of transfer and no request for dematerialization were pending for approval as on 31st March 2010.

1. General Body Meetings

Location and time of last three Annual General Meetings:

Year	Location	Date	Time	Special Resolutions	Postal Ballot
2006-2007	401, Panchratna, M.S.B. Ka Rasta, Johari Bazar, Jaipur – 302 003	29.09.2007	11 a.m.	4	N.A.
2007-2008	-Address same as above-	30.09.2008	12.30 p.m.	1	N.A.
2008-2009	-Address same as above-	31.07.2009	03.00 p.m.	3	N.A.

None of the resolutions proposed to be passed at the ensuing 20th Annual General Meeting requires to be put through postal ballot.

2. Disclosures

a) Related parties transactions

None of the Company's transactions for the related parties were in conflict with the interest of the Company. The transactions with the related parties are disclosed in Note No. 8 in Schedule "XXI" part "B" 'Notes to the Accounts' annexed to the financial statements of the year.

b) Compliances by the Company

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

c) **Whistleblower policy**

Although there is no formal whistleblower policy the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Company's Board of Directors.

3. **Means of Communication**

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

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

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

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

4. **General Shareholder Information**

a) **Annual General Meeting:**

Date and Time : Saturday, 25th September, 2010 at 10.00 a.m.

Venue : "Royal Court", Country Inn & Suites by Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001

Financial year : 1st April 2009 to 31st March 2010

b) **Financial Calendar: 2010-2011 (Tentative)**

Annual General Meeting – Next Year

September 2011

Board Meetings:

- Results for the quarter ending 30 th June 2010	By 15 th of August, 2010
- Results for the quarter ending 30 th September 2009	By 15 th of November, 2010
- Results for the quarter ending 31 st December 2009	By 15 th of February, 2011
- Results for the year ending 31 st March 2010	By end of May, 2011

c) **Book Closure Date** : 18th September 2010 to 25th September 2010
(both days inclusive)

d) **Dividend Payment Date** : Dividend when sanctioned by shareholders will be payable on or after 25th September 2010.

e) **Listing on Stock Exchanges** : The equity shares of the company got listed on April 16, 2010 at the following stock exchanges:-
Bombay Stock Exchange Limited
The National Stock Exchange of India Ltd



GOENKA DIAMOND AND JEWELS LIMITED

f) **Stock Code**

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

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

(Note: Annual listing fees for the year 2010-2011 have been paid to all the above Stock Exchanges)

g) **Stock Market Data**

The shares of the company got listed with Bombay Stock Exchange Limited and National Stock Exchange of India Ltd on April 16, 2010. As such no data has been available for the financial year under review.

h) **Registrar and Share Transfer Agents:**

Karvy Computershare Pvt. Ltd.

(Unit: Goenka Diamond and Jewels Limited)

Karvy House, 46, Avenue 4, Street No.1,

Banjara Hills, Hyderabad 500034.

Phone No. 040-23420815/24

i) **Share Transfer System**

Shares sent for the physical transfer are registered and returned within one month from the date of receipt, if the documents are clear in all respects. The Share Transfer Committee meets as often as required. There were no share transfers in physical form during 2009-10 and no share transfer pending as on 31st March 2010.

j) **Dematerialisation of equity shares**

The Company's shares are traded in dematerialised form only. To facilitate trading in dematerialised form there are two depositories, i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has entered into an agreement with both these depositories. The Shareholders can open account with any of the depository participants registered with any of these depositories.

k) **Distribution of Shareholdings as on 31st March, 2010**

Category	No. of (Shares)	Percentage Shareholder	No. of Shares (%)	Percentage (%)
Upto - 5000	0	0.00	0	0.00
5001 - 10000	0	0.00	0	0.00
10001 - 20000	2	25.00	37500	0.02
20001 - 30000	1	12.50	22500	0.01
30001 - 40000	0	0.00	0	0.00
40001 - 50000	0	0.00	0	0.00
50001 - 100000	0	0.00	0	0.00
100001 and above	5	62.50	223230000	99.97
TOTAL	8	100.00	223290000	100.00

20th Annual Report 2009-2010

l) **Shareholding Pattern as on 31st March, 2010**

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

m) **Address for Investors Correspondence:**

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

Email Id for investors correspondence:

Karvy Computershare Pvt. Ltd

(Unit : Goenka Diamond and Jewels Ltd.)
Karvy House, 46, Avenue 4,
Street No.1, Banjara Hills,
Hyderabad 500 034

investors@goenkadiamonds.com

n) **Any query on Annual Report**

Registered Office of the Company

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

Place : Mumbai

Date : May 26, 2010

Nandlal Goenka

Chairman



Statement of Disclosure by Audit Committee to the Shareholders

To,
The Shareholders of
Goenka Diamond and Jewels Limited

In terms of Clause 49 of the Listing Agreement regarding Corporate Governance, we the members of the Audit Committee disclose in respect of the Financial Year 2009-2010 that;

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

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

Dr. A. C. Shah
Chairman, Audit Committee

Place: Mumbai

Date: 26th May 2010

Certification by Chief Executive Officer & Chief Financial Officer of the Company

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

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2010 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information;
 - a) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent or illegal.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to be applicable, to the company's auditors and through them to the audit committee of the Company's Board of Directors:
 - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies,
 - b) Significant changes in Internal control during the year;
 - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control system.
 - d) Significant changes in accounting policies during the year.

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

For Goenka Diamond and Jewels Ltd.

Nitin Goenka
Chief Executive Officer

Navneet Goenka
Chief Financial Officer

Place: Mumbai

Date: 26th May 2010



AUDITORS' REPORT

To

The Members of Goenka Diamond and Jewels Limited

1. We have audited the attached Balance Sheet of Goenka Diamond and Jewels Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. *Without qualifying our opinion, we draw attention to Note No. 4 of Schedule XXI to the financial statements, the Company has not complied with the provisions of section 295 of the Companies Act, 1956 in as much as it has not taken prior approval of the Central Government in respect of guarantee amounting to Rs69.2 million (amount outstanding as at 31st March, 2010 – Rs. 69.2 million) given on behalf of a firm, in which the Director of the Company is a partner and holds more than 25% of the share. The Company has made an application under Section 621A for compounding the offences. Pending the outcome of this application, no adjustments has been to the financial statements.*
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W
Sarah George
Partner
Membership No. 45255

Place: Mumbai

Date: May 26, 2010.

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Goenka Diamond and Jewels Limited on the financial statements for the year ended March 31, 2010

- (i) (a) The Company is in the process of compiling the fixed assets register.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) As explained to us, inventories have been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of examination of inventories records, we are of the opinion that the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on physical verification of stock as compared to book records are not material and same have been properly dealt with in the books of accounts.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii)(f) and 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs that have been entered into during the financial year because of the unique nature of the items involved and the absence of comparable prices, we are unable to comment whether the transactions were made at prevailing market price at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the services of the company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, cess have *not been regularly deposited with the appropriate authorities and there has been delays in some cases.*



GOENKA DIAMOND AND JEWELS LIMITED

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses at the end of the year. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) The Company has given guarantee to the bankers on behalf of a partnership firm in which the directors are interested and for which prior approval of the Central Government under section 295 have not been obtained.
- (xvi) The Company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company did not raise any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

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

Sandeep Mundra
Partner
Membership No. 75482

Sarah George
Partner
Membership No. 45255

Place: Mumbai
Date: May 26, 2010.

20th Annual Report 2009-2010

BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule	Amount in Rupees	
		March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	I	223,290,000	119,088,000
Reserve & Surplus	II	854,771,657	584,233,760
LOAN FUNDS			
Secured Loans	III	643,257,754	516,551,049
Unsecured Loans	IV	-	114,610
TOTAL		1,721,319,412	1,219,987,418
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	V	118,431,225	110,684,443
Depreciation		42,675,656	32,134,488
Net Block		75,755,569	78,549,955
Capital Work in progress		1,205,082	311,853
DEFERRED TAX ASSETS		1,218,436	1,735,868
INVESTMENT	VI	203,190	203,190
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	VII	779,399,853	555,628,162
Sundry Debtors	VIII	2,942,276,795	2,464,949,293
Cash & Bank Balance	IX	64,609,176	76,318,216
Loans & Advances	X	39,885,765	26,344,210
		3,826,171,589	3,123,239,881
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	XI	2,163,301,255	1,973,135,557
Provisions	XII	51,805,719	10,917,772
		2,215,106,974	1,984,053,329
Net Current Assets		1,611,064,616	1,139,186,552
Misc Expenditure	XIII	31,872,518	-
TOTAL		1,721,319,412	1,219,987,418
Significant Accounting Policies and Notes to Accounts	XXI		

As per Our Report of even date

For B. KHOSLA & Co.
Chartered Accountants

SANDEEP MUNDRA
Partner
M.No.75482

For HARIBHAKTI & CO.
Chartered Accountants

SARAH GEORGE
Partner
M.No.45255

For & on behalf of the Board

NANDLAL GOENKA
Chairman

NAVNEET GOENKA
Vice Chairman & Managing Director

HEMANGI PATIL
Company Secretary

Place: Mumbai
Date : 26th May 2010



GOENKA DIAMOND AND JEWELS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year Ended 31-Mar-10	Year Ended 31-Mar-09
INCOME			
Sales	XIV	5,368,431,696	4,437,746,551
Other Incomes	XV	3,528,327	74,451,928
		5,371,960,023	4,512,198,479
EXPENSES			
Material Cost	XVI	4,782,065,277	4,137,228,416
Manufacturing Expenses	XVII	3,391,697	1,951,072
Employee Cost	XVIII	23,904,435	18,217,480
Administrative and Selling Expenses	XIX	61,161,362	22,658,902
Finance Charges	XX	56,548,948	39,976,394
		4,927,071,719	4,220,032,265
Profit before tax and depreciation		444,888,303	292,166,214
Depreciation	V	10,541,165	5,636,599
Profit after Depreciation		434,347,138	286,529,615
Add/ (Less):			
Income Tax & Provision		22,203,841	12,500,000
Deferred Tax		517,432	(324,920)
Excess Provision of Income Tax Written Back		-	(111,177)
Reversal of Fringe Benefit Tax		(201,447)	685,000
Profit After Depreciation and Tax		411,827,312	273,780,712
Balance brought forward from previous year		574,325,760	308,742,318
Profit available for Appropriation		986,153,072	582,523,030
Appropriation			
Issue of Bonus shares		104,202,000	-
General Reserve		-	6,804,000
Proposed Dividend on Equity Shares		31,700,000	1,190,880
Tax On Proposed Dividend		5,387,415	202,390
Profit carried over to Balance Sheet		844,863,657	574,325,760
		986,153,072	582,523,030
Earning Per Share of Rs. 10 Each (Basic & Diluted)		18.44	12.26
Significant Accounting Policies and Notes to Accounts	XXI		

As per Our Report of even date

For B. KHOSLA & Co.
Chartered Accountants

SANDEEP MUNDRA
Partner
M.No.75482

For HARIBHAKTI & CO.
Chartered Accountants

SARAH GEORGE
Partner
M.No.45255

For & on behalf of the Board

NANDLAL GOENKA
Chairman

NAVNEET GOENKA
Vice Chairman & Managing Director

HEMANGI PATIL
Company Secretary

Place: Mumbai
Date : 26th May 2010

Cash Flow Statement for the year ended 31st March 2010.

PARTICULARS	Amount in Rupees	
	2009-2010	2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	434,347,138.20	286,529,614.52
Adjustment for		
Depreciation	10,541,165.06	5,636,599.43
Unrealised Exchange Difference	(38,274,906.25)	18,443,412.00
Gratuity	158,754.00	151,252.00
Finance Charges Paid	56,548,948.00	40,673,253.19
Interest Received	(1,178,081.00)	(696,859.00)
Operating Profit before Working Capital Changes	462,143,018.01	350,737,272.14
Adjustment for		
Trade and other receivables	(531,440,942.23)	(1,355,900,660.27)
Inventories	(223,771,690.53)	(428,403,534.00)
Trade payable	265,601,629.73	1,296,955,585.88
Cash generated from operations	(27,467,985.02)	(136,611,336.25)
Income Tax Paid (Net)	(13,318,359.00)	(4,583,345.00)
Fringe Benefit Tax Paid	(231,953.00)	(251,600.00)
Net cash from Operating Activities	(41,018,297.02)	(141,446,281.25)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8,640,011.38)	(36,983,816.48)
Interest Received	1,178,081.00	696,859.00
Net cash from investing activities	(7,461,930.38)	(36,286,957.48)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Borrowings	126,592,095.61	277,631,761.69
IPO / Issue Expenses	(31,872,518.10)	-
Interest & Bank Commission paid on Borrowings	(56,548,948.00)	(40,673,253.19)
Dividend Paid (Including Dividend Distribution Tax)	(1,399,442.00)	(1,393,270.00)
Net cash from financing activities	36,771,187.51	235,565,238.50
Net increase in Cash and Cash equivalent (A+B+C)	(11,709,039.89)	57,831,999.77
Cash and Cash equivalent in the Opening balance	76,318,216.38	18,486,216.61
Cash and Cash equivalent in the Closing balance	64,609,176.49	76,318,216.38
Cash & Bank Bal As per BS	64,609,176.49	76,318,216.38

As per Our Report of even date

For B. KHOSLA & Co.
Chartered Accountants

SANDEEP MUNDRA
Partner
M.No.75482

For HARIBHAKTI & CO.
Chartered Accountants

SARAH GEORGE
Partner
M.No.45255

For & on behalf of the Board

NANDLAL GOENKA
Chairman

NAVNEET GOENKA
Vice Chairman & Managing Director

HEMANGI PATIL
Company Secretary

Place: Mumbai
Date : 26th May 2010



GOENKA DIAMOND AND JEWELS LIMITED

Schedule Forming Part of Accounts

Particulars	Rupees	
	March 31, 2010	March 31, 2009
Schedule I		
SHARE CAPITAL		
Authorised		
3,30,00,000 Equity Share of Rs 10 each [P.Y.1,20,00,000 Equity shares of Rs.10each]	330,000,000	120,000,000
	<u>330,000,000</u>	<u>120,000,000</u>
Issued, Subscribed and Paid-up		
2,23,29,000 Equity Shares of Rs 10 each Fully Paid In Cash (Out of the above 2,22,66,600 (118,46,400) Shares of Rs. 10/- each were allotted as fully paid up Bonus Shares by Capitalisation of Profit)	223,290,000	119,088,000
	<u>223,290,000</u>	<u>119,088,000</u>
SCHEDULE II		
RESERVE & SURPLUS		
Profit & Loss Account	844,863,657	574,325,760
General Reserve		
As per last Balance Sheet	9,908,000	3,104,000
Add: Amount transferred from Profit & Loss Account	- 854,771,657	6,804,000 9,908,000
	<u>854,771,657</u>	<u>584,233,760</u>
SCHEDULE III		
SECURED LOANS		
Working Capital Facilities from Banks		
Preshipment Credit	228,257,754	170,288,188
Post Shipment Credit	415,000,000	346,262,861
	<u>643,257,754</u>	<u>516,551,049</u>

Notes:

Working Capital Facilities is secured by:

- i) Hypothecation of Stock-in-trade and Book Debts on pari passu basis
- ii) Further secured, on pari-passu basis: -
 - a. Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director and Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai
 - b. Pledge of FDRs of Rs. 130 Lacs
 - c. Personal Guarantees of all Directors of the Company.

Schedule Forming Part of Accounts

SCHEDULE IV
UNSECURED LOANS

(Other than Short term)

From Others (Shareholders)	-	114,610
	-	114,610

SCHEDULE - V of FIXED ASSETS

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2009	Addition during the period	Deductions during the year	Total as on 31.03.2010	Upto 01.04.2009	Provided during the period	Deductions during the year	Total upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	Leasehold Factory land	2,736,000	-	-	2,736,000	592,800	182,400	-	775,200	1,960,800	2,143,200
2	Buildings	62,665,454	5,071,967	(458,082)	67,279,339	14,530,625	3,696,153	(34,639)	18,192,139	49,087,199	48,134,828
3	Plant & Machinery	11,804,543	32,845	-	11,837,388	1,692,904	1,411,085	-	3,103,989	8,733,399	10,111,639
4	Electric Installation	1,781,757	504,841	-	2,286,598	171,027	254,231	-	425,259	1,861,339	1,610,729
5	Furniture & Fixtures	7,498,551	902,965	-	8,401,516	4,788,345	590,911	-	5,379,256	3,022,259	2,710,205
6	Office Equipment	2,515,737	641,479	-	3,157,216	587,285	335,980	-	923,266	2,233,950	1,928,451
7	Vehicle	9,533,575	-	-	9,533,575	7,651,252	487,333	-	8,138,585	1,394,989	1,882,322
8	Computers	2,181,623	504,180	-	2,685,804	1,026,148	561,210	-	1,587,359	1,098,445	1,155,474
9	Intangible Assets - Software	750,000	81,538	-	831,538	62,500	236,823	-	299,323	532,214	687,500
10	Improvement on Leasehold Assets	9,217,201	465,046	-	9,682,247	1,031,598	2,819,677	-	3,851,275	5,830,972	8,185,603
	Total	110,684,443	8,204,863	(458,082)	118,431,225	32,134,488	10,575,806	(34,639)	42,675,655	75,755,569	78,549,955
	Capital WIP Total									1,205,082	311,852
	Total for Previous year	65,556,670	45,127,773	-	110,684,443	26,497,888	5,636,599	-	32,134,488	78,549,955	39,058,781

Notes:

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



GOENKA DIAMOND AND JEWELS LIMITED

Schedule Forming Part of Accounts

Particulars	Rupees	
	March 31, 2010	March 31, 2009
SCHEDULE VI INVESTMENTS		
Investment In Subsidiary Co. (Refer note no. 3 in Schedule XXI) (1 Share of 9500 roubles being 95% of the issued Capital of M.B. Diamonds LLC)	203,190	203,190
	<u>203,190</u>	<u>203,190</u>
SCHEDULE VII INVENTORIES		
(As Valued & Certified by Management)		
Materials in Process	433,055,137	223,103,040
Finished Goods	346,344,716	332,525,122
	<u>779,399,853</u>	<u>555,628,162</u>
SCHEDULE VIII SUNDRY DEBTORS		
(Considered good unless otherwise stated)		
(a) Outstanding for a period exceeding six months	738,955,271	396,415,283
(b) Others	2,203,321,524	2,068,534,010
	<u>2,942,276,795</u>	<u>2,464,949,293</u>
SCHEDULE IX CASH & BANK BALANCES		
Cash On Hand	10,170,572	819,563
With Scheduled Banks		
-In Current Account	38,864,533	62,447,662
-In Fixed Deposits (pledged / under lien)	15,574,071	13,050,991
	<u>64,609,176</u>	<u>76,318,216</u>
SCHEDULE X LOANS & ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for which value to be received	10,630,418	12,987,827
Security Deposit	14,159,533	7,201,583
Advances to M.B.Diamonds LLC (Subsidiary Co.)	15,095,815	6,154,800
	<u>39,885,765</u>	<u>26,344,210</u>
SCHEDULE XI CURRENT LIABILITIES		
Sundry Creditors (Refer Note .13 in Schedule XXI)	2,157,102,404	1,911,861,747
Advance payment for which value has still to be given	-	213,338
Other Liabilities	5,192,049	60,395,776
Interest Accrued ,But not due	544,551	-
Due to Director in current account	462,250	664,696
	<u>2,163,301,255</u>	<u>1,973,135,557</u>

20th Annual Report 2009-2010

Schedule Forming Part of Accounts

Particulars	March 31, 2010	March 31, 2009
SCHEDULE XII		
PROVISIONS		
Provision for Gratuity	708,006	549,252
Provision for Leave Encashment	684,399	736,372
Provision for Income Tax (Net of Advances)	13,325,899	7,805,478
Provision for Fringe Benefit Tax	-	433,400
Provision for Proposed Dividend	31,700,000	1,190,880
Provision for Tax on Proposed Dividend	5,387,415	202,390
	<u>51,805,719</u>	<u>10,917,772</u>
SCHEDULE XIII		
MISC. EXPENDITURE		
(To the extent not written off or adjusted)		
IPO / Shares Issue Expenses (Refer Note 2 in Schedule XXI)	31,872,518	-
	<u>31,872,518</u>	<u>-</u>
SCHEDULE XIV		
SALES		
Local Sales	1,821,745,605	1,383,781,783
Export Sales	3,546,686,091	3,053,964,768
	<u>5,368,431,696</u>	<u>4,437,746,551</u>
SCHEDULE XV		
OTHER INCOME		
Exchange Difference (Net)	-	71,448,053
Liabilities no longer payable (Net)	2,350,246	14,085
Discount & Commission(Net)	-	40,475
Premium on forward contract	-	2,949,315
Interest on Fixed Deposits (TDS Rs.2,09,145/- (PY 1,44,522))	1,178,081	696,859
	<u>3,528,327</u>	<u>75,148,787</u>



GOENKA DIAMOND AND JEWELS LIMITED

Schedule Forming Part of Accounts

Particulars	March 31, 2010	March 31, 2009
SCHEDULE XVI		
MATERIAL COST		
Materials in Process		
Opening Stock of Materials in process	218,667,117	58,260,743
Add : Transferred from Finished	13,849,372	-
	<u>232,516,489</u>	<u>58,260,743</u>
Add: Purchases	5,005,375,962	4,515,345,110
	<u>5,237,892,451</u>	<u>4,573,605,853</u>
Less: Closing Stock	433,055,137	218,667,111
	<u>4,804,837,314</u>	<u>4,354,938,742</u>
Purchases of Finished Goods	461,000	50,286,840
(Increase)/ Decrease in Stock		
Opening Stocks	336,961,051	68,963,885
Less : Transferred to Materials in process	(13,849,372)	-
	<u>323,111,679</u>	<u>68,963,885</u>
Less:		
Closing Stock	346,344,716	336,961,051
	<u>(23,233,036)</u>	<u>(267,997,166)</u>
	<u>4,782,065,277</u>	<u>4,137,228,416</u>
SCHEDULE XVII		
MANUFACTURING EXPENSES		
Electricity Charges	539,955	474,596
Factory Rent	1,284,464	1,084,814
Misc Factory Expenses	1,297,360	217,972
Factory Repair & Maintenance	236,168	36,396
Import Expenses	33,750	137,294
	<u>3,391,697</u>	<u>1,951,072</u>
SCHEDULE XVIII		
EMPLOYEE COST		
Salaries	18,420,725	11,816,043
Director's Remuneration	3,900,000	2,100,000
Job Work	-	2,422,616
Contribution to Employees Fund	624,113	567,557
Staff & Labour Welfare	800,843	1,160,012
Gratuity	158,754	151,252
	<u>23,904,435</u>	<u>18,217,480</u>

Schedule Forming Part of Accounts

Particulars	March 31, 2010	March 31, 2009
SCHEDULE XIX		
ADMINISTRATIVE AND SELLING EXPENSES		
Printing & Stationery	847,539	507,340
Rent	7,157,070	3,478,440
Legal & Professional	4,437,262	2,182,272
Auditors Remuneration	1,045,745	194,064
Directors sitting fees	240,000	-
Water & Electricity Charges	1,227,039	737,221
Telephone Expenses	1,035,549	779,594
Exhibition Expenses	2,912,736	519,880
Insurance	1,448,791	915,376
Vehicle Running & Maintenance	348,485	423,921
Advertisement Expenses	8,912,965	3,400,450
Donation	1,364,710	12,610
Office expenses	3,131,347	1,731,259
Discount on Forward Contract	862,500	-
Repair & Maintenance	1,211,760	746,850
Membership Fees	255,885	115,164
Security Services charges	912,976	255,491
Exchange Difference (Net)	10,107,848	-
Travelling Expenses	5,744,365	2,355,135
Business Promotion	5,771,911	2,270,203
Discount (Net)	25,910	-
Conveyance Expenses	248,499	141,844
Export and Selling Expenses	1,473,903	1,164,685
Commission on Sales	436,569	727,104
	<u>61,161,362</u>	<u>22,658,902</u>
SCHEDULE XX		
FINANCE CHARGES		
Bank Charges & Commission	11,646,593	10,644,336
Interest Bank (Net)	44,902,355	27,938,340
	<u>56,548,948</u>	<u>38,582,676</u>



GOENKA DIAMOND AND JEWELS LIMITED

Schedule Forming Part of Accounts

	March 31, 2010		March 31, 2009	
	Quantity	Rupees	Quantity	Rupees
SCHEDULE XXI				
ADDITIONAL INFORMATION <i>(Pursuant to provisions of Paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956)</i>				
1 Materials Consumed ¹				
Diamond Roughs (Carats)	74,437	3,369,138,940	68,433	1,388,046,196
Semi-Finished Diamonds (Carats)	10,418	355,961,681	35,678	2,196,859,624
Gold (Grams)	17,461	24,335,429	28,272	34,207,959
Alloys (Grams)	7,038	57,362	7,075	118,431
Gemstones (Carats) ²	693	134,122	2,147	1,239,354
Accessories (Nos.)	-	-	31,097	26,200,036
Diamond (Carats)	7,542	1,055,209,780	11,947	708,267,142
		4,804,837,314		4,354,938,742
¹ Consumption includes quantity and cost of materials sold.				
² 5580 cts valuing Rs. 819000/- lying with Income Tax Department				
2 Stocks, Turnover and Purchases				
Opening Stocks				
Gem Stones (Carats)	-	-	15,988	4,435,929
Jewellery (Nos.)	2,362	256,390,736	147	21,474,788
Diamond (Carats)	2,369	66,720,935	2,556	43,053,168
		323,111,671		68,963,885
Purchases				
Jewellery (Nos.)	1	461,000	-	-
Diamond (Carats)	-	-	901	50,286,840
		461,000		50,286,840
Turnover				
Gem Stones (Carats)	-	-	953	1,092,829
Jewellery (Nos.)	2,066	1,542,606,748	1,618	979,464,126
Diamond (Carats)	37,626	3,825,824,948	52,662	3,427,608,945
Accessories (Nos.)	-	-	31,097	29,580,651
		5,368,431,696		4,437,746,551
Closing Stocks				
Jewellery (Nos.) ³	2,488	299,874,152	2,362	256,390,736
Diamond (Carats)	833	46,470,564	2,369	66,720,935
		346,344,716		323,111,671
³ 374 Pcs valuing Rs. 90,24,856/- lying with Franchisees				

Schedule Forming Part of Accounts

	March 31, 2010	March 31, 2009
3 Capacities and Production	<i>Quantity</i>	<i>Quantity</i>
Licensed and Installed Capacities	Not Applicable	Not Applicable
Actual Production:		
<i>Diamond (Carats)</i>	42,458	59,403
<i>Studded Jewellery (Nos.)</i>	2,191	3,833
4 Captive Consumption		
<i>Diamond (Carats)</i>	6,368	6,627
	<u>6,368</u>	<u>6,627</u>
5 Payment to Auditors		
a. Audit Fees	882,400	110,300
b. Tax Audit Fees	27,575	16,545
c. For Other Services	172,180	27,350
d. For Reimbursement of Expenses	135,770	39,869
e. Other Fees	1,055,834	
	<u>2,273,759</u>	<u>194,064</u>
6 Repair and Maintenance		
a. Building	236,168	445,439
b. Machineries	-	-
c. Other Repairs	1,211,760	301,411
	<u>1,447,928</u>	<u>746,850</u>
7 Value of Import calculated on CIF basis		
a. Raw Material	<u>3,252,863,126</u>	<u>2,884,606,912</u>
8 Value of Material Consumed		
Raw Material		
a. Imported	3,122,538,296	2,782,132,061
b. Indigenous	1,682,299,018	1,572,806,681
	<u>4,804,837,314</u>	<u>4,354,938,742</u>
9 Expenditure in Foreign Currency		
a. Travelling	1,011,557	267,575
b. Other	-	205,250
	<u>1,011,557</u>	<u>472,825</u>
10 Earning in Foreign Currency		
Export of goods calculated on FOB basis	3,545,760,748	3,053,212,975
	<u>3,545,760,748</u>	<u>3,053,212,975</u>



Schedule Forming Part of Accounts

SCHEDULE XXI

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

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

2. Use of Estimates

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

3. Fixed Assets

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

Expenditure on software is recognized as 'Intangible Assets' to be amortized over three years.

4. Depreciation and Amortization

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

Leasehold lands are amortized over the initial period of lease.

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

5. Impairment of Fixed Assets

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

6. Inventories

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

Schedule Forming Part of Accounts

7. Investments

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

Current investments are carried at cost.

8. Revenue Recognition

Sale of Goods:

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

Dividend on Investment:

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

Interest Income:

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

9. Foreign Currency Transactions:

a. Initial Recognition:

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

b. Conversion:

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

c. Exchange Differences:

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

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

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

10. Retirement Benefits:

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

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

11. Borrowing Cost:

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



Schedule Forming Part of Accounts

12. Leases

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

13. Earnings Per Share

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

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

14. Cash and Cash Equivalents

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

15. Segment Reporting

Identification of segments:

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

Inter segment Transfers:

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

Allocation of common costs:

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

Unallocated items:

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

Segment Policies:

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

16. Provision for Current and Deferred Taxation:

Provision for current tax is made at the amount expected to be paid to taxation authority in accordance with the Income Tax Act, 1961.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Schedule Forming Part of Accounts

17. Provision, Contingent Liabilities and Contingent Assets:

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

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

Contingent Liability is disclosed in case of

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

Contingent Assets are neither recognized, nor disclosed.

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

B. NOTES ON ACCOUNTS

1. Contingent Liabilities

(Amount in Rupees)

	Particulars	March 31, 2010	March 31, 2009
A	Guarantees* given to banks for loans taken by other	692,97,000	692,97,000
B	Disputed Tax Matters		
	-Income Tax	33,89,347	3,3,89,347
C	Estimated amount of contract remaining to be executed on capital account and not provided for	-	-

***Notes:** In respect of working capital limits of Rs.28.00 crore, to one of the associate group concern, for which the company has given corporate guarantee to the lender banks, the lender banks vide letters dated 15th September 2009 confirmed that the corporate guarantee given by the company is only to the extent of Rs. 692.97 lakhs, which is the value of company's properties given as collateral security. The contingent liability for the respective year has been disclosed accordingly.

- The Company came out with its Initial Public Offer pursuant to which 93,71,000 equity shares of the Company were allotted on 8th April, 2010 at a premium of Rs. 125 per share..Expenses incurred in relation to the IPO amounting to Rs. 322.97 lacs as on 31st March 2010 have been carried in the Balance sheet as Miscellaneous Expenditure to be adjusted against the securities premium account as per the provisions of Section 78 of the Companies Act.
- The net worth of the subsidiary M. B. Diamonds LLC have completely eroded. No provision against the investment made in the subsidiary is considered necessary as the management is committed to provide the necessary financial and operational support to carry on the business of the subsidiary.
- The Company has given guarantee of Rs. 692 lacs for a loan borrowed by a firm in which Directors are interested. At the time of providing the guarantee the Company was exempt U/s. 295 (2) of the Companies Act, 1956 to obtain prior approval from the Central Government. However, on renewal of the same the Company was a public limited company and consequently the guarantee given to bankers was in contravention to Section 295 of the Companies Act. The Company has made a composite application u/s. 621A for compounding of the offence with Hon. CLB, Northern Region Bench which is pending.
- The Income tax Authorities during the search u/s 132 of I.T Act 1961 on 13th August 1993 seized 5580 cts. of emerald cut valued at Rs 819000/-. The same has been shown in the closing stock of emerald cut in the books of Accounts.



Schedule Forming Part of Accounts

6. The Deferred Tax Assets comprises of the following

	Particulars	March 31, 2010	March 31, 2009
A	Deferred Tax Assets		
	i. On account of Depreciation	9,77,785	8,19,941
	ii. On account of disallowance under Income Tax Act	-	7,29,236
	iii. On Account of Provision for Gratuity	2,40,651	1,86,691
	Total	12,18,436	17,35,868

Decrease in Deferred Tax Assets for the year of Rs. 5,17,432 (Rs. 3,23,173) has been recognized in profit and loss account for the year.

7. The Disclosures with respect to Accounting Standard (AS -15) (Revised 2005) " Employee Benefits" are as under: -

1. Defined Contribution Plans

- a. Employer's Contribution to Provident Fund
- b. Employers Contribution to Employees' State Insurance

The Company has recognized the following amounts in Profit & Loss Account

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Employer's contribution to Provident Fund	3,34,546	398,131
Employer's Contribution to Employees' State Insurance	2,85,235	181,479

2. Defined Benefit Plans

a. Gratuity (Non-Funded)

In accordance with Accounting Standard- 15 (Revised 2005) actuarial valuation was performed in respect of gratuity liability as on 31st March 2010 based on following assumptions

Assumptions	Year Ended March 31, 2010	Year Ended March 31, 2009
Discount Rate	8.25%	8%
Rate of Increase in compensation level (per annum)	7%	6%
Rate of return on Plan Assets	Nil (Non-funded)	Nil (Non-funded)
Attrition Rate	5%	5%
Change in Present value of obligation		
Present value of defined benefit obligation at the beginning of the year	Rs.549252	Rs. 612618
Interest Cost	Rs. 61755	Rs. 58812
Current Service Cost	Rs. 222689	Rs. 122527
Benefit Paid	Nil	Nil
Actuarial (Gain)/Loss on obligation	(Rs. 125690)	(Rs. 244705)
Present value of defined benefit obligation at the end of the year	Rs.708006	Rs. 549252

Schedule Forming Part of Accounts
Amount Recognized in the Balance Sheet

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Gratuity as at the beginning - <i>On Actual Basis</i>	-	398000
of the year - <i>As per actuarial valuation</i>	549252	-
Gratuity provided during the year	158754	151252
Gratuity paid for the year	-	-
Gratuity as at end of the year <i>(as per actuarial valuation)</i>	708006	549252

Expenses recognized in the Income Statement

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Current service cost	Rs. 222690	Rs. 122527
Past service cost	-	-
Interest Cost	Rs. 61755	Rs. 58812
Net actuarial (Gain)/ Loss recognized	(Rs. 125690)	(Rs. 244705)
Differential of gratuity obligation (as per actual) as at the beginning of the year and gratuity obligation (as per actuarial valuation) as at the end of the year.		214618
Total Expenses recognized in profit and Loss Account	Rs. 158754	Rs. 151252

Reconciliation of Present Value of Defined Benefit Obligation and Fair value of Assets

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Present Value of Obligation as at end of the year	708006	549252
Fair value of planned assets as at end of the year	-	-
Funded Assets recognized in Balance Sheet	-	-
Shown under the head "Provisions"	708006	549252

Experience Adjustments

Assumptions	Year Ended March 31, 2010	Year Ended March 31, 2009
On Plan Liability (Gain) / Loss	(183,115)	(195,631)

b. Leave Encashment (Non- Funded)

Leave Encashment has been provided at actual (un-discounted) manner, based on the leave standing credit of the employee as at the Balance Sheet date.

**Schedule Forming Part of Accounts**

Amount Recognized in the Balance Sheet

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Actual Value of Leave Encashment as at the beginning of the year	7,36,372	90,881
Leave Encashment provided during the Year	13,40,535	7,46,112
Leave Encashment paid for the Year	13,92,508	1,00,621
Actual Value of Leave Encashment as at end of the Year	6,84,399	7,36,372

8. Related Party Disclosure**A. List of related parties****Subsidiary**

MB Diamonds LLC

Enterprises in which directors are interested/Associates

1. Goenka Diamonds Private Limited
2. Mystique Jewels
3. Goenka Jewellers
4. Geet Holdings Private Limited
5. Yash Holdings Private Limited
6. Sonam Complex Private Limited
7. Goenka Infra Projects Private Limited
8. Goenka Infra Builders Private Limited
9. Goenka Entertainments Private Limited
10. Goenka Properties Private Limited
11. Nand Lal Goenka(HUF)

Key Managerial Personnel

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

Relative of Key Managerial Personnel

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

Schedule Forming Part of Accounts

B. Transactions with related Parties

Nature of Transactions	Subsidiary		Key Managerial Personnel		Relative of Key Managerial Personnel		Associates	
	2009-10	2008-2009	2009-10	2008-2009	2009-10	2008-2009	2009-10	2008-2009
Transactions during the year								
Purchase of Goods	5,907,045	27,164,950	-	-	-	-	-	5,229,777
Rent Paid	-	-	1,458,000	-	-	-	-	-
Remuneration	-	-	3,900,000	2,100,000	-	-	-	-
Perquisites	-	-	244,800	-	-	-	-	-
Issue of Bonus Shares	-	-	83,384,000	-	4,858,000	-	15,960,000	-
Dividend Paid	-	-	916,680	916,680	91,900	91,900	182,400	182,400
Balances as at end of year								
Receivable	-	-	-	-	-	-	-	260,490
Payable	-	-	-	-	-	-	-	-
Unsecured Loans	-	-	-	-	-	114,610	-	-
Advances	15,095,815	6,154,800	-	-	-	-	-	2,232,608
Security Deposit	-	-	1,50,000	-	-	-	-	-
Due in Current Account	-	-	462,250	664,696	-	-	-	-
Investment	203,190	203,190	-	-	-	-	-	-
Guarantee	-	-	-	-	-	-	69,297,000	69,297,000

9. Earnings Per Share

Particulars	2009-2010	2008-2009
Nominal value of Shares (Rs.)	10	10
Number of shares Outstanding During the Year (After adjustment for bonus shares issued)	22,329,000	11,908,800.00
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	22,329,000	22,329,000.00
Adjusted profit/(loss) after tax attributable to equity Shareholder for Basic and Diluted EPS	411,827,312	273,780,712.00
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	22,329,000	22,329,000
Basic- Earning per Share	18.44	12.26
Diluted-Earning per Share	18.44	12.26

10. Obligation towards operating Leases

Particulars	2009-2010	2008-2009
[Figures In Lacs]		
Operating Lease Obligation		
Not later than one year	66.72	80.12
Later than one year but not later than five years	158.87	200.89
Later than 5 years	-	-
Total	225.59	281.01

Rental Expenses of Rs. 69.94 lakhs (Pr.Yr.2008-09 Rs. 46.63 lakhs) in respect of obligation under operating leases have been recognized for the year, in the profit and loss account.



Schedule Forming Part of Accounts

11. Segment Reporting

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

Particulars	As at March 31, 2010				As at March 31, 2009			
	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total
Primary Segment (by Product)								
Revenue								
Segment Revenue	3,825,817,255	1,542,614,441	-	5,368,431,696	3,428,701,774	1,009,044,777	-	4,437,746,551
Results								
Segment Results	286,428,698	200,434,992	-	486,863,684	93,738,957	147,725,348	-	241,464,305
Exchange Gain (Net)				(10,107,848)				74,397,368
Operating Profit				476,755,836				315,861,673
Other Income				3,528,327				696,859
Unallocable Expenses				(1,034,670)				-
Interest Expenses				(44,902,355)				(30,028,917)
Net Profit before tax.				434,347,138				286,529,615
Segment Assets	3,165,772,849	666,262,275	72,518,743	3,904,553,867	2,761,247,797	355,931,745	86,861,206	3,204,040,748
Segment Liabilities	2,570,636,475	216,601,336	71,126,916	2,858,364,728	2,396,218,800	93,539,482	10,960,706	2,500,718,988
Net Capital Employed	595,136,374	449,660,939	1,391,826	1,046,189,140	365,028,997	262,392,263	75,900,500	703,321,760
Capital Expenditure	7,196,570	1,443,441	-	8,640,011	23,107,013	13,876,803	-	36,983,816
Depreciation & Amortization	6,819,595	3,721,573	-	10,541,168	4,186,321	1,450,278	-	5,636,599
Non Cash expenses other than Depreciation & Amortization	-	-	-	-	-	-	-	-
Secondary Segment (by Geographical area)								
Geographical Location	Domestic	Rest of the world		Total	Domestic	Rest of the world		Total
Revenue	1,821,745,605	3,546,686,091		5,368,431,696	1,383,781,783	3,053,964,768		4,437,746,551

12. Advance to Subsidiary

To M B Diamonds LLC Rs. 15,095,815 (6,154,800). Maximum Balance outstanding during the year Rs. 15,620,057 (6,154,800).

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

Schedule Forming Part of Accounts

14. Un-hedged foreign currency exposures as at March 31, 2010 are as under:

Particulars	Rs. In Crore	In Foreign Currency (USD Million)
Receivables	269.40	59.97
Payables	154.20	33.96

15. In the opinion of the Directors the Current Assets including Loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and all known liabilities have been provided in accounts.
16. The title deed of office premises of Panchratna, Mumbai, Flat at Ajmer Road, Jaipur and Office space at MI Road, Jaipur has been mortgaged to UCO Bank and Punjab and Sind Bank respectively against loan given to M/s Goenka Jewellers, a firm in which directors are partners. Further, FDR of Rs. 15.05 lacs have also been pledged with bank for loan given to M/s Goenka Jewellers, a firm in which directors are partners.
17. Previous year figures have been reworked, regrouped, rearranged and reclassified wherever considered necessary, to make them comparable to those of the current year.

For & On behalf of the Board

NANDLAL GOENKA

Chairman

NAVNEET GOENKA

Vice Chairman & Managing Director

HEMANGI PATIL

Company Secretary

Place: Mumbai

Date : 26th May 2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

1 Registration Detail

Registration Number	5651	State Code	17
Balance Sheet Date	31-03-2010		

2 Capital Raised During the Year (Amount in Rs. Thousand)

Public Issue	0	Right Issue	0
Bonus Issue	104202	Placement	0

3 Position of Mobilisation and Development of Funds (Amount in Rs. Thousand)

Total Liabilities	1721319	Total Assets	1721319
-------------------	---------	--------------	---------

Source of Funds

Paid up Capital	223290
Reserves and Surplus	854772
Secured Loan	643258
Unsecured Loan	0
Deferred Tax Liability	0

Application of Funds

Net Fixed Assets	76961
Investments	203
Net Current Assets	1611065
Deferred Tax Assets	1218
Misc. Expenditure	31873

4 Performance of the Company (Amount in Rs. Thousand)

Turnover	5368432	Total Expenditure	4937613
Profit/ Loss before Tax	434347	Profit/ Loss after Tax	411827
Earning per share (in Rs.)	18.44	Dividend Rate%	1.00

5 Generic names of Three Principal Products/ Services of Company (as per monetary terms)

Product Description	Item Code No.
Diamond Cut	710239

As per Our Report of even date

For B. KHOSLA & Co.
Chartered Accountants

SANDEEP MUNDRA
Partner
M.No.75482

For HARIBHAKTI & CO.
Chartered Accountants

SARAH GEORGE
Partner
M.No.45255

For & On behalf of the Board

NANDLAL GOENKA
Chairman

NAVNEET GOENKA
Vice Chairman & Managing Director

HEMANGI PATIL
Company Secretary

Place: Mumbai
Date : 26th May 2010

M B DIAMOND
THE AUDIT CONCLUSION

The General Director
LLC "M.B. DIAMONDS"
Jain Niraj

Auditor:

Name: Limited Liability Company (LLC)"Audit - balance"

Location: 170026, City – Tver, Musorskovo Street, House -12, Office – 313

ИНН/КПП 6901087819/690101001

ОГРН 1056900148656

The certificate on the state registration - 69 No.001004745, dated 20.10.2005.

The license for realization of audit activity: No.E 007787,

It is issued by the Ministry of Finance of the Russian Federation of 21.02.2006. Validity of the license - five years.

Auditing Party:

Name: LLC «M.B. DIAMONDS»

Место нахождения: 125493. Moscow, street. Smolnaya, House – 12, Office - 24 (и)

ИНН/КПП 7743573614/774301001

ОГРН 1057748758121

We have carried out audit of the applied accounting reporting about financial activity of the organization of LLC «MB DIAMONDS» for the period from April 1, 2009, till March 31, 2010 inclusive. The account reporting of the organization of LLC « MB DIAMONDS » is consisting of:

- Account balance;
- The report on profits and losses

The responsibility for drawing up and representation of this accounting reporting is carried out an agency of the organization of LLC «MB DIAMONDS». Our duty consists in expressing opinion on reliability in all essential attitudes of the given report on the basis of the carried out audit.

We have carried out audit according to:

- The federal law "About audit activity ";
- Federal rules (standards) of audit activity;
- Internal rules (standards) of audit activity of Moscow Auditing Chamber (MoАП).



Audit was planned and carried out so that to receive reasonable confidence that the account reporting does not contain essential distortions. Audit was carried out on a selective basis and included study on the basis of testing the proofs confirming numerical parameters in the accounting reporting and disclosing in it of the information on financial and economic activity, an estimation of observance of principles and the rules of book keeping used by preparation of the accounting reporting, consideration of the basic estimated parameters received by a management of the audit company, and also an estimation of representation of the accounting reporting. We believe, that the carried out audit represents the sufficient bases for expression of our opinion on reliability of the accounting reporting.

We could not observe of carrying out of inventory of commodity - material stocks of LLC "MB DIAMONDS" as of the beginning of the reporting period for April 2009 or check up their quantity with the help of alternative procedures, and relied upon management representation in this regard, and accordingly we have drawn our audit conclusion under the financial (accounting) reporting for the period from April 1, 2009, till March 31, 2010 inclusive has been modified in appropriate way.

In our opinion, except for the circumstances stated in the previous part, the accounting reporting of the organization LLC "MB DIAMONDS" would reflect authentically in all essential attitudes of the financial position till March 31, 2010 and results of its financial and economic activity for the period from April 1, 2009, till March 31, 2010 inclusive in conformity, with requirements of the legislation of the Russian Federation regarding preparation of the account reporting.

General Director
(LLC)"Audit - balance"

Arseneva V.I.
Chesnokova E.A.

April 30, 2010

The head of audit Inspection

The qualifying attestation on the right of realization

Auditor activity in the field of the general audit No.K 021224,

It is given on the basis of the Order of the Ministry of Finance of the Russian Federation No. 359 of 23.12.2004.

M B DIAMOND

Balance Sheet as on 31st March 2010

	Schedule	Amount in Rs.	
		As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	I	16,989	16,989
Reserve & Surplus	II	(3,460,967)	(6,989,391)
LOAN FUNDS			
Secured Loans	III	-	-
Unsecured Loans	IV	255,512	13,465,424
TOTAL		(3,188,466)	6,493,022
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	V	-	26,160
Depreciation		-	26,160
Net Block		-	-
Capital Work in progress		-	-
DEFERRED TAX ASSETS			
		-	-
		-	-
INVESTMENT	VI	-	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	VII	9,005,484	10,242,288
Sundry Debtors	VIII	-	-
Cash & Bank Balance	IX	224,442	21,261
Loans & Advances	X	3,720,303	2,985,973
TOTAL		12,950,230	13,249,521
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	XI	16,138,696	6,756,499
Other Liabilities		-	-
TOTAL		16,138,696	6,756,499
Net Current Assets		(3,188,466)	6,493,022
TOTAL		(3,188,466)	6,493,022



GOENKA DIAMOND AND JEWELS LIMITED

M B DIAMOND

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010.

	Schedule	Amount in Rs.	
		As at March 31, 2010	As at March 31, 2009
INCOME			
Sales	XII	19,239,889	24,636,140
Other Incomes	XIII	3,774,914	-
		23,014,803	24,636,140
EXPENSES			
Material Consumed	XIV	16,870,677	23,334,438
Manufacturing Expense	XV	415,920	197,953
Employee Cost	XVI	111,988	791,610
Administrative and Selling Expenses	XVII	1,913,267	1,306,737
Finance Charges	XVIII	106,687	148,096
Exchange Gain / Loss Net		-	5,715,894
		19,418,539	31,494,727
Profit before tax and depreciation		3,596,264	(6,858,587)
Depreciation		-	4,898
Profit after Depreciation		3,596,264	(6,863,485)
Add/ (Less):			
Income Tax & Provision	XIX	41,488	-
Deferred Tax		-	-
Excess Provision I. Tax Written Back		-	-
Fringe Benefit Tax		-	-
Profit After Depreciation and Tax		3,554,777	(6,863,485)
Balance brought forward from previous year		(7,832,486)	(969,001)
Profit available for Appropriation		(4,277,709)	(7,832,486)
Appropriation			
Issue of Bonus shares		-	-
General Reserve		-	-
Proposed Dividend on Equity Shares		-	-
Tax On Proposed Dividend		-	-
Profit carried over to Balance Sheet		-	-
		-	-
Earning Per Share of Rs. 1 Each		355.48	(686.35)

M B DIAMONDS

Schedule Forming Part of Balance Sheet & Profit and Loss A/c

Particulars	Amount in Rs.	
	March 31, 2010	March 31, 2009
Schedule I		
SHARE CAPITAL		
Authorised		
10,000 Share of Rubles 1 each	16,989.00	16,989.00
	16,989.00	16,989.00
Issued, Subscribed and Paid-up		
10,000 Share of Rubles 1 each Fully Paid	16,989.00	16,989.00
	<u>16,989.00</u>	<u>16,989.00</u>
	<u>16,989.00</u>	<u>16,989.00</u>
SCHEDULE II - RESERVE & SURPLUS		
Profit & Loss Account	(4,277,709.45)	(7,832,486.00)
General Reserve		
Last Balance		
Add: Amount transferred from Profit & Loss Account	-	-
Foreign Currency Translation Reserve(FCTR)	816,742.20	843,095.39
	<u>(3,460,967.25)</u>	<u>(6,989,390.61)</u>
SCHEDULE III - SECURED LOANS		
Preshipment Credit	-	-
Post Shipment Credit	-	-
	-	-
SCHEDULE IV - UNSECURED LOANS		
(Other than Short term)		
From Others	255,512.19	13,465,423.76
	<u>255,512.19</u>	<u>13,465,423.76</u>
SCHEDULE VI - INVESTMENTS		
Investments	-	-
	-	-
SCHEDULE VII - INVENTORIES		
(As Valued & Certified by Management)		
Raw Materials	9,005,483.92	10,242,287.54
Finished Goods	-	-
	<u>9,005,483.92</u>	<u>10,242,287.54</u>
SCHEDULE VIII - SUNDRY DEBTORS		
(a) Outstanding for a period exceeding six months	-	-
(b) Others	-	-
	-	-



GOENKA DIAMOND AND JEWELS LIMITED

M B DIAMONDS Schedule Forming Part of Balance Sheet & Profit and Loss A/c

Particulars	Amount in Rs.	
	March 31, 2010	March 31, 2009
SCHEDULE IX - CASH & BANK BALANCES		
Cash & Bank Balance	224,442.21	21,260.61
	<u>224,442.21</u>	<u>21,260.61</u>
SCHEDULE X - LOANS & ADVANCES		
Receivables-More than 12 Months	783,443.19	192,279.07
Receivables-Less than 12 Months	2,936,860.23	2,793,693.95
	<u>3,720,303.42</u>	<u>2,985,973.02</u>
SCHEDULE XI - CURRENT LIABILITIES		
Sundry Creditors	15,949,213.24	6,756,499.01
Other Liabilities	189,482.37	-
	<u>16,138,695.61</u>	<u>6,756,499.01</u>
SCHEDULE XII - SALES		
Export Sales	19,239,889.37	24,636,140.18
	<u>19,239,889.37</u>	<u>24,636,140.18</u>
SCHEDULE XIII - OTHER INCOME		
Exchange Difference (Net)	354,571.70	(103,594.84)
Non Sales Expenses / Profit (Net)	3,420,342.07	(5,612,299.08)
	<u>3,774,913.77</u>	<u>(5,715,893.92)</u>
SCHEDULE XIV - MATERIAL COST		
Material Consumed	16,870,676.96	23,334,437.80
	<u>16,870,676.96</u>	<u>23,334,437.80</u>
SCHEDULE XV - MANUFACTURING EXPENSES		
Factory Rent	141,463.19	88,996.89
Misc Factory Exp.	274,456.48	108,956.23
	<u>415,919.67</u>	<u>197,953.12</u>
SCHEDULE XVI - EMPLOYEE COST		
Wages & Salaries	111,988.41	791,609.63
	<u>11,988.41</u>	<u>791,609.63</u>

M B DIAMONDS
Schedule Forming Part of Balance Sheet & Profit and Loss A/c

Particulars	March 31, 2010	March 31, 2009
SCHEDULE XVII - ADMINISTRATIVE AND SELLING EXPENSES		
Administration Expenses	86,232.21	120,363.63
Rent	1,639,858.70	977,462.02
Legal & Professional	70,210.15	32,091.94
Telephone Expenses	-	3,931.80
Office exp - Others	116,965.60	172,887.30
Commercial Expenses	-	-
	1,913,266.66	1,306,736.70
SCHEDULE XVIII- FINANCE CHARGES		
Interest Others	106,687.20	148,095.73
	106,687.20	148,095.73
SCHEDULE XIX - TAX EXPENSES PROVISIONS		
Tax Expenses	41,487.69	-
	41,487.69	-



GOENKA DIAMOND AND JEWELS LIMITED

M B DIAMOND

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE YEAR 2009-2010

Name of the Subsidiary Company	M. B. Diamonds
1. The Financial year/period of the Subsidiary Companies ended on	31st March 2010
2. Date from which they became Subsidiary Companies	March 10, 2008
3. a. Number of shares held by the Company with its nominees in the subsidiaries at the end of the financial year of the Subsidiary Companies	9,500
b. Extent of interest in the Subsidiary Company	95%
4. The Net aggregate amount of the Subsidiary Companies Profit/(loss) so far as it concerns the members of the company	
a) Not dealt with in the Company's accounts	
i) for the financial year ended 31st March 2010	----
ii) for the previous financial years of the Subsidiary Companies since they became the Company's subsidiaries	----
b) Dealt with in the Company's accounts	
i) for the financial year ended 31st March 2010	Rs.33,77,038
ii) for the previous financial years of the Subsidiary Companies since they became the Company's subsidiaries	Rs.(74,40,862)

NOTE



GOENKA DIAMOND AND JEWELS LIMITED

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

PROXY FORM

Annual General Meeting 2009-2010

Folio No _____ DP ID No _____ Client Id _____

I/We, _____ of
_____ in the district of _____ being a member/ members of the above named
Company hereby appoint Mr./Ms./Kum _____ in
the district of _____ as my / our Proxy to attend
and vote for me/ us on my/ our behalf at the 20th Annual General Meeting of the Company to be held at "Royal Court", Country
Inn & Suites by Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001 on Saturday, the 25th September, 2010 at 10.00 a.m.
and at any adjournment thereof .

Signed this _____ day of _____, 2010

Address _____

Member's Signature _____

Affix Rs.1
Revenue
Stamp

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



GOENKA DIAMOND AND JEWELS LIMITED

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

ATTENDANCE SLIP

Annual General Meeting 2009-2010

I hereby record my presence at the 20th Annual General Meeting of the Company at "Royal Court", Country Inn & Suites by
Carlson, M. I. Road, Khasa Kothi Circle, Jaipur 302001 on Saturday, the 25th September, 2010 at 10.00 a.m.

Full Name of the Shareholder (in Block Letters)

Signature

Folio No./DP ID & Client ID

No. of Shares held

(Full Name of the Proxy (in block letters)

Signature

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





Goenka Diamond & Jewels Limited

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