



**GOENKA**

**DIAMOND & JEWELS LIMITED**

MANUFACTURER OF  
**LARGE** DIAMONDS  
& FINE JEWELLERY



GIA AND IGI CERTIFIED SOLITAIREs FROM 1.00 CT - 20.00CT & UP

**ANNUAL REPORT**

2012 - 2013

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## Forward Looking Statement

We have included statements in this Annual Report which contain words or phrases such as “may,” “will,” “believe,” “expect,” “estimate,” “intend,” “plan,” “future,” “objective,” “project,” “should” and similar expressions or variations of such expressions, that are “forward-looking statements.” Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy and our growth and expansion.

# **23<sup>rd</sup> Annual Report 2012-2013**

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## **Board of Directors**

**Mr. Nandlal Goenka**  
Chairman

**Mr. Navneet Goenka**  
Vice Chairman and Managing  
Director

**Mr. Nitin Goenka**  
Managing Director

**Mr. Vijay Kalantri**  
Independent Director

**Mr. D. R. Mehta**  
Independent Director

**Dr. C. D. Arha**  
Independent Director

**Company Secretary**  
Sneha Gandhi

## **Registered Office**

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

**Telephone:** + 91 141 2574175;

**Facsimile:** +91 141 2573305

## **Corporate Office**

1305, Panchratna Building, Mama Parmanand  
Marg, Opera House, Girgaon Division, Street No.  
184, Mumbai - 400 004

**Telephone:** + 91 22 43667000;

**Facsimile:** + 91 22 23676020;

**Email:** cs@goenkadiamonds.com

**Website:** www.goenkadiamonds.com

## **Joint Auditors**

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

**M/s. Haribhakti & Co.**  
Chartered Accountants

## **Bankers**

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

## **Registrar and Transfer Agents**

Karvy Computershare Pvt Ltd.  
46, Avenue - 4, Street - 1, Banjara Hills,  
Hyderabad - 500 034  
Tel : 040 23312454  
Fax : 040 23311968  
Website : www.karvy.com

## **Depositories**

National Securities Depository Limited  
Central Depository Services (India) Limited

### **23<sup>rd</sup> Annual General Meeting**

Friday, September 27, 2013 at 11.00 a.m. at

Hotel Country Inn & Suites by Carlson, Banquet Halls, Khalsa Kothi Circle,  
M. I Road, Jaipur 302 001

# ABOUT US

The company, one of the leading names in the diamond industry, was started over 40 years ago by our Chairman Mr. Nandlal Goenka. With the passage of time, the company developed its expertise across the value chain of the diamond industry. We have since established ourselves as a prominent player in the market of larger size diamonds with a nearly monopolistic presence. Today, Goenka Diamond & Jewels Limited is synonymous with the large diamond trade and is a leading exporter of the same with strong international presence across the globe. The Company was listed in 2010 with BSE and NSE.

The Goenka Diamond & Jewels Limited value proposition stems from its presence across the entire value chain-sourcing from the mines to manufacturing, polishing to the design & manufacture of jewellery, and ultimately to retailing through our branded retail stores. This enables the company to offer truly exquisite and exclusive, hand crafted solitaires and diamond studded jewellery at globally competitive prices. Today, Goenka Diamond & Jewels Limited has garnered a sizeable market share in its area of expertise with it's Signature Jewels that are reknowned for their value and rarity.



# CORPORATE OBJECTIVE

## MISSION

Our mission is to strive every day to earn the confidence and trust of our clients by meeting and exceeding their expectations of diamond quality, class, service, and unsurpassed value. Be sure our actions are consistent with our Corporate Values, enabling us to maintain the relationships and reputation, which our family - owned firm has developed throughout our history.

## VISION

Our vision is to enhance our role as a leading diamond and jewellery business house offering unique, high end jewellery and the finest quality diamonds to our valued customers located globally. We aspire to have mastery over the elements of beauty where jewellery becomes an experience in itself. We envision a future where we are the world's most reputed diamond and jewellery company.

## VALUES

We value our relationships with our customers, suppliers and everyone we deal with. We strive to forge long lasting relationships that are based on mutual respect, consideration and fairness.



# OUR STRENGTH

A Vertically integrated business model that embraces the value chain supply - all needs are catered under one roof.

## **Integrated player with presence across the value chain**

We are an integrated company having presence across the various segments of the value chain. We source roughs from a variety of suppliers including our Subsidiary, process them for exports and also for manufacturing our branded jewellery. We retail the jewellery through our stores under our own brands. By having a strong presence across the value chain, we are able to minimize risk and optimize profitability of operations. Going forward, we plan to increase the integration as we expand the operations of our Russian Subsidiary and increase our retail network.

## **Promoters experience of over four decades in the Gems & Jewellery industry**

We benefit from the experience of our Promoters and the core management team. Our Promoters have been in the business of gems and jewellery for over four decades and have built immense experience and strong relationships with both suppliers and customers in the industry. Our founder, Mr. Nand Lal Goenka entered this business in 1969 and has established strong contacts with both international and domestic customers. Mr. Navneet Goenka and Mr. Nitin Goenka have a combined experience of over 21 years in the diamond business.

Our core strength lies in the extensive knowledge of our core management team which helps us execute our growth strategies. Most of our key managerial personnel have substantial experience in the gems and jewellery industry. We believe that having a strong management team with extensive experience enables us to respond to changing market conditions and evolving preferences of our customers and is essential to our overall success and our future growth.

## **Expertise in processing larger sized stones**

Our focus has been on technological skill in processing of large size (high carat) diamonds which provides higher margins. India's major contribution has been in processing smaller sized diamonds while larger stones processed in countries like Belgium, Israel, etc. Over the years, we believe that we have built the required expertise in this area, which differentiates us and gives us an edge over most of our Indian competitors.

## **Strong designing and production capabilities with modern equipments**

We have an extensive design bank which allows us to manufacture a variety of jewellery as per requirements. We have an in-house design team besides some select freelance designers for designing jewellery in line with the latest trends and customer preferences in the least possible time-frame.

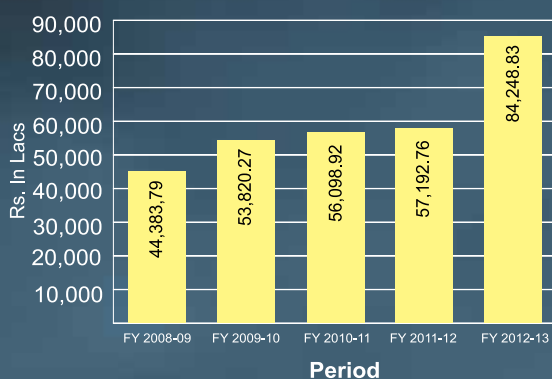
We use the advanced technology and equipment in our manufacturing facilities to enable us to process the rough diamonds in the most efficient and optimal manner and allow us to design the highest quality jewellery. We have been certified as an ISO 9001:2000 company which stands for product quality assurance system. Further, majority of the diamonds used in CERES jewellery are certified by some of the globally renowned certification institutes.

## **Well diversified customer base**

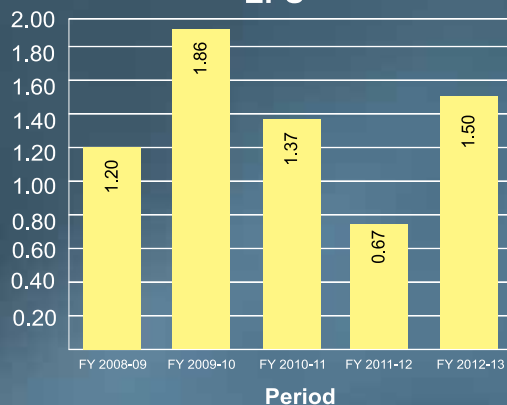
In the last few years, we have diversified our export client base and have entered new markets for our export business. We have focused on untapped markets for export of polished diamonds. This allows us to earn higher margins due to our early mover advantage.

# CONSOLIDATED FINANCIAL PERFORMANCE

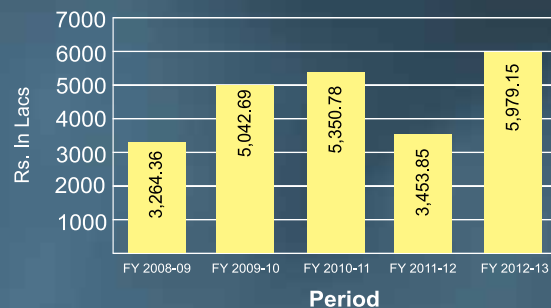
## TURNOVER



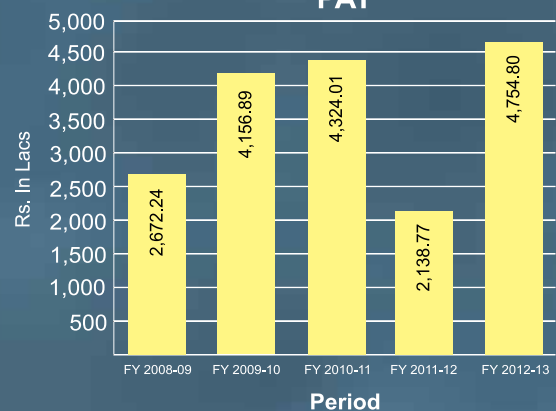
## EPS



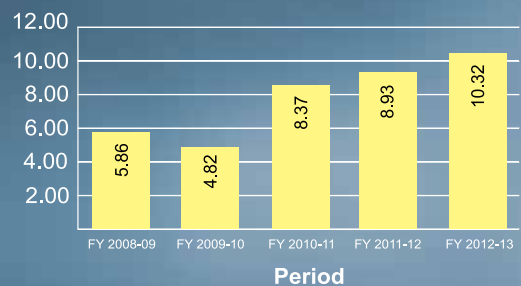
## EBIDTA



## PAT



## BOOK VALUE



## LISTING

The Company's shares are listed on the Bombay Stock Exchange (script code – 533189) and on the National Stock Exchange (symbol – Goenka) in India

As on 31<sup>st</sup> March 2013 Goenka Diamond & Jewels Limited had a market capitalization of Rs. 881 crores.

## CHAIRMAN'S STATEMENT

I would like to share with you my thoughts and perceptions on the macro economic scenario prevailing amidst which our company has progressed during the year 2012-13. From a macro perspective, the year that went by was hardly encouraging for the global as well as Indian economies. Across the spectrum, growth was subdued, risks were on the ascent and recovery was slow for comfort. Global growth projected for the year 2013 by the IMF is around 3% which remains unchanged when compared with the performance in the previous year. The key reasons for the economic fragility are the poor performance of the emerging market economies, growing recession in the Euro Zone and fiscal tightening measures in US. The forecast for the year 2014 (3.8%) does not inspire much confidence in the light of certain structural weaknesses continuing to haunt the global economy.

Indian economy too was affected by the global developments and the year ended with the GDP at a decadal low of 5%. The poor performance stemmed from growing fiscal imbalances, crippling infrastructure bottlenecks, sluggish demand, supply side constraints, volatile equity markets, rising inflation and a weak rupee. The prognosis of for the economy for the current year is not very promising though a bountiful monsoon, fast tracking of large infra projects and other reform measures to boost FDI inflow could help turn the tide in the months to come.

Despite the above backdrop, Goenka Diamond And Jewels Limited has achieved robust growth in its financial results steadily year by year.

Despite such gains, I would like to assure you that this is just a humble beginning as we move on the trajectory of growth, involvement and commitment. I wish to record my appreciation to all for their contribution towards the growth of the company and look forward to take on new challenges and scale new heights of achievement in future.

A journey of success always requires the qualities of foresight, strategy and preparedness. All these, along with the power of trust are at the core of all our operations. Our inspiration comes from your trust and willingness to believe in our capability to deliver.

Commitment, hard work, commonsense and perseverance have helped the company to be on par with international companies in terms of standards of performance and quality of products. The journey towards excellence is inspired by what Goenka Diamond And Jewels Limited has always done – deliver superior value for all those who depend on us, work with us and invest in us.



Mr. Nandlal Goenka  
Chairman

When you are inspired by some great purpose, some extraordinary project, all your thoughts break their bonds – your mind transcends limitations, your consciousness expands in every direction, and you find yourself in a new, great, and wonderful world. Dormant forces, faculties and talents become alive and you discover yourself to be a greater person by far than you ever dreamed.”



## Brief Profile of our Directors



**Mr. Nand Lal Goenka**, is the Chairman of our Company. He is the founder member of our Company and has been with our Company as a Director since 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. In the Board Meeting dated May 11, 2013 it was proposed, to re-appoint him as Chairman of the Company till March 31, 2018, subject to the approval of members in the ensuing Annual General Meeting. He holds a graduate degree in chemicals from Rajasthan University, Jaipur. Mr. Nand Lal Goenka has over 40 years of experience in the jewellery export, retail and designing business. Mr. Nand Lal Goenka was honoured with 'National Unity Award' by the Governor of Rajasthan on June 26, 1993 for outstanding services, achievements and contributions at the 34th All India National Unity Conference in Jaipur. Mr. Nand Lal Goenka was also the first jeweler whose achievements in the gems and jewellery sector were featured in national television in 1992, in a programme titled - "The Face in the Crowd". Mr. Goenka was the vice president of Federation of Rajasthan Trade and Industry, which consists of 160 trade associations as its members. As the founder member of our Company, Mr. Nand Lal Goenka is in charge of planning and executing the growth strategy of our Company. He also looks after the general administration of our Company and is in charge of procuring raw materials required by our Company.



**Mr. Navneet Goenka**, is the Vice-Chairman and Managing Director of our Company. He was appointed as an additional Director of our Company on December 9, 1994 and appointed as Director of our Company in the AGM of our Company dated September 29, 1995. On October 28, 2002, he was appointed as a Whole Time Director of our Company and on April 15, 2008, he was appointed as the Vice-Chairman and Managing Director of our Company till March 31, 2013. In the Board Meeting dated May 11, 2013 it was proposed to re-appoint him as Vice-Chairman and Managing Director of the Company till March 31, 2018, subject to the approval of members in the ensuing Annual General Meeting. 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 over 18 years of experience in the jewellery export, retail and designing business. He had joined our Company at a very young age and has been contributing to its growth since then. He is the chief financial officer of our Company and also heads the export-import department and the production activities of our Company. Further, Mr. Navneet Goenka also takes care of the all the matters relating to the subsidiaries of our Company.



**Mr. Nitin Goenka**, is the Managing Director of our Company. He was appointed as an Additional Director of our Company on April 1, 2002 and appointed as Director of our Company in the AGM dated September 30, 2002. On October 28, 2002, he was appointed as a Whole Time Director and on April 15, 2008, he was appointed as the Managing Director of our Company till March 31, 2013. In the Board Meeting dated May 11, 2013 it was proposed to re-appoint him as Vice-Chairman and Managing Director of the Company till March 31, 2018, subject to the approval of members in the ensuing Annual General Meeting. He holds Bachelor's in Business Administration from Pace University, New York with majors in Management Information System and Retail Marketing. He also holds a diploma in diamond grading and jewellery designing from Gemological Institute of America, New York. Mr. Nitin Goenka has over 10 years of experience in the jewellery export, retail and designing business. He had joined our Company very early and has been contributing to its growth since then. Mr. Nitin Goenka is in charge of promotions, branding, jewellery production and designing departments of our Company.



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



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



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



## NOTICE

**NOTICE** is hereby given that the Twenty Third Annual General Meeting of the Members of **GOENKA DIAMOND AND JEWELS LIMITED** (“the Company”) will be held on Friday, September 27, 2013 at 11.00 a.m. at **Hotel Country Inn & Suites by Carlson, Khasa Kothi Circle, M. I. Road, Jaipur - 302 001** to transact the following businesses:

### **ORDINARY BUSINESS :**

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2013, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. D.R. Mehta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. C.D. Arha, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s Haribhakti & Co., and M/s. B. Khosla & Co., Chartered Accountants, as the Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS :**

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

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 and subject to such approvals, if any, the consent of the shareholders of the Company be and is hereby accorded to the re-appointment of Mr. Nandlal Goenka, Chairman and Whole-time Director of the Company w.e.f April 01, 2013 for the period of five years from the date of appointment at the remuneration as determined and recommended by the Remuneration Committee is detailed as under.

#### **REMUNERATION :**

Salary shall not exceed ₹ 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.

#### **BONUS :**

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

#### **PERQUISITES :**

In addition to Salary as above, the CHAIRMAN may 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.

#### **MINIMUM REMUNERATION**

Minimum remuneration shall be as per revised remuneration approved by the Board and Remuneration committee and within the limits available under applicable law.

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

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 and subject to such approvals, if any, the consent of the shareholders of the Company be and is hereby accorded to the re-appointment of Mr. Navneet Goenka, Vice Chairman and Managing Director of the Company w.e.f April 01, 2013 for the period of five years from the date of appointment at the remuneration as determined and recommended by the Remuneration Committee is detailed as under:

#### **REMUNERATION :**

Salary shall not exceed ₹ 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.

**BONUS :**

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

**PERQUISITES :**

In addition to Salary as above, the Vice Chairman & Managing Director may 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.

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.

**MINIMUM REMUNERATION**

Minimum remuneration shall be as per revised remuneration approved by the Board and Remuneration committee and within the limits available under applicable law.

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

**“RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 and subject to such approvals, if any, the consent of the shareholders of the Company be and is hereby accorded to the re-appointment of Mr. Nitin Goenka, Managing Director of the Company w.e.f April 01, 2013 for the period of five year from the date of appointment at the remuneration as determined and recommended by the Remuneration Committee is detailed as under:

**REMUNERATION :**

Salary shall not exceed ₹ 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.

**BONUS :**

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

**PERQUISITES:**

In addition to Salary as above, the Managing Director may 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.

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.

**MINIMUM REMUNERATION**

Minimum remuneration shall be as per revised remuneration approved by the Board and Remuneration committee and within the limits available under applicable law.

By Order of the Board of Directors

Place: Mumbai

Date: August 10, 2013

Registered office:

401, Panchratana,

MotiSinghbhomiyaKa Rasta,

Johari Bazar,

Jaipur-302003

**Sneha Gandhi**  
Company Secretary



## 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 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. Shareholders are requested to bring their copy of Annual Report to the Meeting.
7. 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.
8. 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.
9. The Register of Members and Share Transfer books of the Company will remain closed from Friday, September 20, 2013 to Friday, September 27, 2013 (both days inclusive).
10. While members holding shares in physical form may write to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited) for any changes in their addresses and bank mandates, members holding shares in electronic form may inform the same to their Depository Participants.
11. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
12. Consequent to the introduction of Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited).

Place: Mumbai  
Date: August 10, 2013

By Order of the Board of Directors

Registered office:  
401, Panchratana,  
MotiSinghbhomiyonKa Rasta,  
Johari Bazar,  
Jaipur-302003

**Sneha Gandhi**  
Company Secretary

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

## ANNEXURE TO NOTICE

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

**Item No.6:**

Mr. Nandlal Goenka was appointed as Chairman and Whole Time Director of the Company w.e.f. April 01, 2013. Mr. Nandlal Goenka will hold office as Chairman and Whole Time Director up to March 31, 2018.

Keeping in view his experience and knowledge, and as per resolutions approved by the Remuneration Committee and Board of Director of Your Company the remuneration payable to Mr. Nandlal Goenka is presented before yourselves.

Your Director, therefore, recommends the Resolution for your approval.

Except, Mr. Nandlal Goenka none of the Directors are, in any way, concerned or interested in this Resolution.

**Item No. 7.**

Mr. Navneet Goenka was appointed as Vice-Chairman and Managing Director of the Company w.e.f. April 01, 2013. Mr. Navneet Goenka will hold office as Vice-Chairman and Managing Director up to March 31, 2018.

Keeping in view his expertise and knowledge, and as per resolutions approved by the Remuneration Committee and Board of Director of Your Company the remuneration payable to Mr. Navneet Goenka is presented before yourselves

Your Director, therefore, recommends the Resolution for your approval.

Except, Mr. Navneet Goenka none of the Directors are, in any way, concerned or interested in this Resolution.

**Item No. 8:**

Mr. Nitin Goenka was appointed as Managing Director of the Company w.e.f. April 01, 2013. Mr. Nitin Goenka will hold office as Managing Director up to March 31, 2018.

Keeping in view his expertise and knowledge, and as per resolutions approved by the Remuneration Committee and Board of Director of Your Company the remuneration payable to Mr. Nitin Goenka is presented before yourselves.

Your Director, therefore, recommends the Resolution for your approval.

Except, Mr. Nitin Goenka none of the Directors are, in any way, concerned or interested in this Resolution.



# GOENKA DIAMOND AND JEWELS LIMITED

**In compliance of Code of Corporate Governance and Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of the directors seeking re-appointment at the 23<sup>rd</sup> ANNUAL GENERAL MEETING is provided hereunder:**

<b>Name</b>	<b>Mr. D. R. Mehta</b>	<b>Dr. C. D. Arha</b>
<b>Date of Birth</b>	25.06.1937	02.07.1945
<b>Date of appointment</b>	30.05.2012	30.05.2012
<b>Qualifications</b>	B.A., L.L.B. from Rajasthan University. He also studied at Royal Institute of Public Administration, London, UK and the MIT Sloan School of Management.	B.A (Honours) degree from, St. Stephens College, Delhi, M.A. History , Diplomas in Management & Administration of Rural Development, Institute of Local Self Government, University of Birmingham, UK
<b>Expertise in specific functional areas</b>	Mr. D. R. Mehta is a retired civil servant. He joined the Indian Administrative Services (IAS) in 1961 and held various responsible positions in the Government of Rajasthan and Government of India. He was the secretary to Government of Rajasthan, he was Secretary Industries; Secretary Mines; Secretary to Chief Minister etc in Rajasthan. In Government of India he was Controller of Capital Issues, Additional Secretary Banking in the Ministry of Finance. He was also the Chief Controller of Imports and Exports. Then he took over as the Deputy Governor of the Reserve Bank of India (1992-95) (RBI). Subsequently, he became the Chairman of Securities & Exchange Board of India (SEBI), from 1995-2002. Mr. Mehta was born in 1937. He is an alumnus of Rajasthan University, Jaipur, Royal Institute of Public Administration, London and Alfred Sloan School of Management M.I.T., Boston, USA. On the social side, Mr. D. R. Mehta is the Founder & Chief Patron of Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS) Jaipur. On 26th of Jan 2008 the Government of India honored Mr. D. R. Mehta by conferring on him the prestigious National Award "Padma Bhushan" for his social services.	He Started his career in the year 1968-69 as Probationer at Mussorie. He has 10 years experience in Legal Department as a Magistrate from 1969-78. In 1978-81 he has worked as a Spl. Secretary under Dept of Industries. He has also worked in Food Corporation of India, Rajasthan as a Senior Regional Manager in the Year 1981-84. He held post of Commissioner, Civil Supplies, A.P & Ex- officio- Secretary, Food & Agriculture, for four years. He worked under FAO of UN, Rome for the year 1987-90. He became a Joint Secretary under Ministry of Home Affairs, GOI New Delhi for the period of 5 Years till 1996. He became his First Chairman & Managing Director, A.P. State Financial Corporation in the Year 1996-97. He became Prl. Secretary under Govt. of A.P for 2 years till the year 1999. He has been appointed as an Addl. Secretary & Special Secretary of Ministry of Coal, GOI in the year 1999-2002. He worked as a Secretary under Ministry of Mines till 2005. On 15 <sup>th</sup> November, 2005 he was appointed as a Chief Information Commissioner, A.P information Commission, Hyderabad (under RTI act, 2005).
<b>Directorship held in other public companies</b>	<ol style="list-style-type: none"> <li>1. Poly Medicare Limited</li> <li>2. Jain Irrigation Systems Limited</li> <li>3. JMC Projects (India) Limited</li> <li>4. Atul Rajasthan Date Palms Limited</li> <li>5. Glenmark Generics Limited</li> <li>6. Glenmark Pharmaceuticals Limited</li> <li>7. G. M. Modi Hospitals Corporation Private Limited</li> <li>8. Gandhi Research Foundation</li> <li>9. Smartvalue Ventures Private Limited</li> <li>10. M N M Assets Reconstruction Company Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Anand Rathi Financial Services limited</li> <li>2. Emani Cement Limited</li> <li>3. Taj GVK Hotels &amp; Resorts Limited</li> <li>4. ACB (India) Limited</li> </ol>
<b>Chairmanship/ Membership of Committees of the Public Companies (includes only Audit and Shareholders'/ Investors' Grievance Committee)</b>	<ol style="list-style-type: none"> <li>1. JMC Projects (India) Limited</li> <li>2. Polymedicure Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Emani Cement Limited</li> <li>2. Taj GVK Hotels &amp; Resorts Limited</li> </ol>

## DIRECTORS' REPORT

**Dear Shareholders,**

Your Directors take pleasure in presenting before the members the Twenty Third Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> March 2013.

**Financial Highlights**

(₹ In lacs)

	31.03.2013	31.03.2012
Sales and Other Income	74397.00	54120.46
Less: Expenses	72072.96	51638.23
Profit before tax and depreciation	2324.04	2482.23
Less: Depreciation	120.44	129.30
Net Profit/(Loss) before Tax	2203.60	2352.93
Less: Income tax provision	380.00	305.45
Less: Deferred Tax	(10.01)	(10.70)
Less: Earlier Years' Income Tax	2.83	4.46
Less: MAT Credit Entitlement	(290.00)	(25.00)
Profit/(Loss) after tax	2120.78	2078.72
Balance brought forward from previous year	14086.37	12376.08
Profit available for appropriation	16207.15	14454.79
<b>Appropriation</b>		
Issue of Bonus shares	-	-
General Reserve	-	-
Proposed Dividend on Equity shares	317.00	317.00
Tax on Proposed Dividend	53.87	51.43
Profit carried over to Balance Sheet	15836.27	14086.37
Earnings per share	0.67	0.66 (*)

\* EPS is based on face value per share of Re. 1/- each.

**Turnover & Profits**

The Directors wish to inform you that during the current financial year ended March 31, 2013, the sales and other income of the Company was ₹ 74397.10 lacs and during the previous year it was ₹ 54120.46 lacs. The Net Profit before tax stood at ₹ 2203.59 lacs as against ₹ 2352.93 lacs in the previous year. The Net Profit after tax stood at ₹ 2120.78 lacs as against ₹ 2078.72 lacs in the previous year. As compared to previous year, the company has been able to achieve 43% more sales in the current year.

**Dividend**

The Board, for the year ended March 31, 2013 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 31,70,00,000 Equity Shares @ Re.0.1 per share.

**IPO fund utilization**

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





# GOENKA DIAMOND AND JEWELS LIMITED

	Amount received from IPO	12650.85
Sr. No.	Particulars of proposed reallocated expenditure amount	₹ in Lacs
1.	For expansion and establishment of new retails stores either by way of lease or outright purchase and increase in production capacity of Diamond and Jewellery manufacturing facilities & other general capex required for expansion.	1143.84
2.	Funding to subsidiaries and such entities by way of equity, capital, loans and advances or in any other manner	1733.70
3.	Working Capital Requirement for business	8459.96
4.	General Corporate Purposes	218.37
5.	Issue Expenses	828.68
	Total	12384.55
	Unutilized Amount Represented by	
	Bank Balance	219.83
	Government Bonds (tradable)	46.47

## Subsidiary Company and Consolidated Financials

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

## Fixed Deposits

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

## Related Party Transactions

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

## Directors

During the year, there were no changes in the Board of directors of your company since last Annual General Meeting.

Mr. D. R. Mehta and Mr. C.D. Arha Independent Directors of the Company are liable to retire by rotation. However, Mr. D.R. Mehta and Mr. C.D. Arha being eligible, offers themselves for re-appointment.

Brief resume of the directors to be re-appointed is given in the annexure to the notice convening the 23<sup>rd</sup> Annual General Meeting of the Company.

## Directors' Responsibilities Statement

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

- In the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- 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;
- 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;
- The Directors had prepared the accounts for the financial year ended March 31, 2013 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 this Annual General Meeting and are eligible for re-appointment. The company has received a letter from M/s. Haribhakti & Co., and M/s. B. Khosla & Co., Chartered Accountants to the effect that their reappointment as Joint Auditors, if made, would be within the limits under Section 224(1-B) of the Companies Act, 1956.

### **Auditors' Report**

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

### **Particulars of Employees**

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

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

#### **A. Conservation of Energy:**

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

#### **B. Technology Absorption, Adaptations & Innovation:**

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

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

#### **C. Foreign Exchange Earnings and Outgo:**

The information regarding Foreign exchange earnings and outgo is contained in note no.28 & 29 of notes on financial statements.

### **Acknowledgement**

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

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

**Place: Mumbai**  
**Date: August 10, 2013**

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**NITIN GOENKA**  
Managing Director



## CORPORATE GOVERNANCE

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

The company is committed to maintaining a high standard of corporate governance in order to maintain the trust of company's shareholders, customers, business partners, vendors, employees and the society at large.. In order to sustain this trust, the company has placed corporate governance on a high priority.

At the core of the company's corporate governance practice is Board of Directors, which is an active, well informed and independent Board. To ensure the independency of the Board, 3 out of total 6 directors are independent directors. The Board of Directors, along with committees, provides leadership and guidance to the company's management and directs, supervises and controls the performance of the company.

The company is committed to high levels of ethics and integrity in all its business dealings that avoids all conflicts of interest. In order to conduct business with these principles, the company creates simple corporate structures based on business needs and maintains a high degree of transparency through regular disclosures and a focus on adequate control systems.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT-

The Management of the Company is pleased to present this report covering the activities of the Company during the year 2012-2013.

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

### OVERVIEW

The Company is in the business of cutting and polishing of diamonds and manufacturing and retailing of diamond studded jewellery. The Company has expanded its business from export of coloured gem stones in the inception stage to the stage of setting up two Export Oriented Units in Surat for manufacturing of Diamonds to cater the overseas market and a manufacturing unit of diamond in Mumbai to serve and expand the local market. The Company is also promoting retail chain store for Jewellery. The company has got two jewellery brands namely "CERES" and "GWILD".

We run an integrated business model that includes sourcing of rough diamonds from various sources including our Russian Subsidiary, polishing roughs for export market and internal consumption, jewellery manufacturing and sale of jewellery through our retail chain branded jewellery retail resulting in strong presence across the value chain.

### FACTORS AFFECTING OUR RESULTS OF OPERATIONS

- **Global Economic Scenario**

The uncertain Global Economy has the potential of adversely affecting the Diamond and Jewellery Business Operations. However, India is still the one of the fastest growing & developing economies of the world. Our Diamond Business revenues are primarily derived from export to major diamond markets in the Middle East, Far East and South East Asian Countries. .

- **Developing Brand Equity**

We retail our diamond jewellery under two brands viz. CERES and G WILD, former being high end diamond studded jewellery and the latter targeting the youth. Our product profile includes rings, earrings, pendants, bracelets, necklaces, etc. which are manufactured using polished diamonds, precious and other semi precious stones which are set in gold. Our in-house team along with some select freelance designers undertake the designing of jewellery for our brands.

- **Forex Risks**

Around 70% of company's revenue comes from exports. A major portion of our Company's expenditure was incurred and earnings were received in foreign currency. The exchange rate between Rupee and US Dollar has been highly volatile in recent times and therefore has a huge impact on the Company's results. Although the Company imports a considerable portion of its rough diamond requirements, it is a net exporter of diamonds and jewellery; and this creates a natural hedge against forex fluctuations.

- **Competition within diamond industry**

We expect competition in Gems and Jewelry sector from existing and potential competitors to intensify. In the last few years, we have diversified our export client base and have entered new markets for our export business. We have focused on untapped markets for export of polished diamonds. This allows us to earn higher margins due to our early mover advantage. Secondly, our focus has been on technological skill in processing of Large Size (high carat) diamonds which provides higher margins. India's major contribution has been in processing smaller sized diamonds while larger stones processed in countries like Belgium, Israel, etc. Over the years, we believe that we have built the required expertise in this area, which differentiates us and gives us an edge over most of our Indian competitors.

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

- **Expansion**

During the Financial year 2012-13, the company has formed its 100% subsidiary in Dubai, through which the company has started business of jewellery and diamonds in the local market. The first year's financial results are quite encouraging.

The company plans to expand its retail presence for both the jewellery brands – G WILD and CERES. We plan to open more stores / franchisees in near future. The company continues to participate in various exhibitions across the globe during the FY 2012-13. The increased presence would allow us to tap newer markets, increase jewellery sales and boost our profitability. The launch of exclusive retail showrooms across new locations would help in increasing our brand visibility and acceptance.

### **Cautionary Statement**

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

### **Acknowledgement**

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

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

**NAVNEET GOENKA**

Vice Chairman & Managing Director

**NITIN GOENKA**

Managing Director

**Place: Mumbai**

**Date: August 10, 2013**



## Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

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

### I. Corporate Philosophy on Code of Governance

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

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

### II. Board of Directors

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

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

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

Name of Directors	Category	Attendance Particulars		Number of other Directorships and Committee Memberships / Chairpersonships			Remarks
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairpersonships	
Mr. Nandlal Goenka <b>Chairman</b>	C	1	No	1	Nil	Nil	-
Mr. Navneet Goenka <b>Vice Chairman and Managing Director</b>	ED	4	Yes	1	Nil	Nil	-
Mr. Nitin Goenka <b>Managing Director</b>	ED	4	No	1	Nil	Nil	-
Mr. Vijay G. Kalantri <b>Independent Director</b>	INED	4	No	14	4	4	-
*Mr. S.N. Sharma <b>Independent Director</b>	INED	1	N.A.	2	NIL	NIL	-
Mr. C. D. Arha <b>Independent Director</b>	INED	N.A.	Yes	5	1	1	-
Mr. D. R. Mehta <b>Independent Director</b>	INED	N.A.	Yes	6	-	2	-

C : Chairman

ED : Executive Director

INED : Independent Non Executive Director

\*Mr. S.N. Sharma Resigned on May 30, 2012 from the Directorship of the Company.

Notes:

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

### Board Meetings held during the year 2012-2013

During the year under review, four meetings of the Board were held on 29.05.2012, 13.08.2012, 09.11.2012 and on 13.02.2013. The detailed agenda along with notice and supporting documents/papers is circulated to Directors in advance. The draft minutes of the board and committee meetings were circulated to all the directors immediately after meeting and finalized minutes of proceedings of a meeting were entered in the Minutes Book within thirty days from the conclusion of that meeting. The minutes of the previous meeting were confirmed and signed by the Chairman in the next meeting held thereafter.

### Audit Committee

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

**Chairman:** Mr. D.R. Mehta (Chairman since 13.08.2012)

**Members:** Mr. C.D. Arha (Member since 30.05.2012)  
Mr. Vijay G. Kalantri

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

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

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

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

Date of the Meeting	Quorum
#29.05.2012	2
13.08.2012	3
09.11.2012	3
13.02.2013	3

#In the meeting dated May 29, 2012 Mr. Vijay Kalantri was acting chairman of the meeting. Mr. D.R. Mehta was appointed as director of the Company on May 30, 2012 and he was also Chairman of the Audit committee from that date, hence in all the meetings held after May 30, 2012 he was the Chairman of the meeting.

The Chairman of the Audit Committee was present at the 22<sup>nd</sup> Annual General Meeting of the Company held on 27<sup>th</sup> September 2012.

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 inter alia it briefly includes the following:

- a) 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 ;
- b) Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit fees;
- c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to :
  - i) Matters required to be included in the Directors responsibility statement which forms part of the Directors Report pursuant to Clause 2AA of Section 217 of the Companies Act, 1956;
  - ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv) Significant adjustments made in the financial statements arising out of audit findings;
  - v) Compliance with the listing and other legal requirements relating to financial statements;
  - vi) Disclosure of any related party transactions;
  - vii) Qualifications in the draft audit report.



- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- h) Reviewing the adequacy on internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- i) Discussion with internal auditors on any significant findings and follow up thereon;
- j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of material nature and reporting the, matter to the Board;
- k) Discussion with the statutory auditors before audit commences, about the nature and scope of audit as well a post audit discussion to ascertain any area of concern;
- l) To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of default in payment of declared dividend) and creditors;
- m) To review the functioning of the Whistle Blower Policy mechanism, if any, adopted and framed from time to time;
- n) Carrying out any other function as may be mentioned in the terms of reference of the committee from time to time ; and
- o) Any other area of activities as may be covered within the gamut of scope of Audit Committee by any Statutory Enactment(s) from time to time.

## Remuneration Committee

The Remuneration Committee recommends the remuneration payable to Executive Directors in accordance with section 198, 269, 310 and 311 read with schedule XIII of the Companies Act, 1956 and any increments thereof with in the maximum limits as approved by the shareholders from time to time.

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

**Chairman:** Mr. Vijay G. Kalantri

**Members:** Mr. C.D. Arha (Member since 30.05.2012)  
Mr. D.R. Mehta (Member since 30.05.2012)

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

The present terms of Remuneration of Executive Directors are as approved by the shareholders at the 20<sup>th</sup> Annual General Meeting of the members of the Company held on September 25, 2010, which were in effect till March 31, 2013. The revised terms of Remuneration of Executive Directors were approved in the meeting of the remuneration committee dated February 13, 2013 and same were placed before the board and approved in Board meeting dated February 13, 2013.

Since last Annual General Meeting one meeting of the Remuneration Committee was held on February 13, 2013. The details of the Remuneration paid to the Executive Directors for the year ended 31<sup>st</sup> March 2013 and to the Non-Executive Directors the sitting fees for meetings of Directors and Committees of Directors are as follows:

Name	Designation	Remuneration for 2012-13 (in ₹)				No. of shares held
		Salary	Sitting fees	Employer contribution to provident fund	Total	
Mr. Nandlal Goenka	Chairman	6000000		432000	6432000	98550000
Mr. Navneet Goenka	Vice-Chairman & Managing Director	4800000		345600	5145600	39153750
Mr. Nitin Goenka	Managing Director	4800000		345600	5145600	40976250
Mr. S.N. Sharma	Director	-	20000	-	20000	Nil
Mr. Vijay Kalantri	Director	-	150000	-	150000	Nil
Mr. D.R. Mehta	Director		130000		130000	Nil
Mr. C. D. Arha	Director	-	130000	-	130000	Nil

## 23<sup>rd</sup> Annual Report 2012 -2013

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

- All decisions relating to the remuneration of Directors are taken by the Remuneration Committee in accordance, with the approval received from Board as well as the members of the Company.
- The Directors' remuneration as mentioned above consists of fixed salary component payable to them. There is no performance linked incentives payable to directors for achievement of targets.
- During 2012–2013, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

### Shareholders'/Investors' Grievance Committee

#### Terms of Reference

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

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

**Chairman:** Mr. C.D. Arha

**Members:** Mr. Vijay G. Kalantri  
Mr. D.R. Mehta

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

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

Date of the Meeting	Quorum
29.05.2012	2
13.08.2012	3
09.11.2011	3
13.02.2013	3

### Status of Shareholders'/Investors' Complaints

Particulars No. of Complaints

Complaints pending as on April 1, 2012	NIL-
Complaints received during the period April 1, 2012 to March 31, 2013	24
Complaints resolved during the period April 1, 2012 to March 31, 2013	24
Complaints outstanding as on March 31, 2013	NIL

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

No request of transfer and no request for dematerialization were pending for approval as on 31<sup>st</sup> March 2013.

### 1. General Body Meetings

#### Location and time of last three Annual General Meetings:

Year	Location	Date	Time	Special Resolutions	Postal Ballot
2009-2010	Royal Court, Country Inn & Suites by Carlson, M.I.Road, KhasaKothi Circle, Jaipur 302001	25.09.2010	10.00 a.m.	3	N.A.
2010-2011	Hotel Park Prime, Orchid Hall, C-59, Prithviraj RD, C- Scheme, Jaipur- 302001	30.09.2011	10.30 a.m	1	N.A.
2011-2012	Royal Court, Country Inn & Suites by Carlson, M.I.Road, KhasaKothi Circle, Jaipur 302001	27.09.2012	11.00 a.m	-	N.A.

None of the resolutions proposed to be passed at the ensuing 23<sup>rd</sup> 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. 32 of Notes on financial statements of the year.

### b) Compliances by the Company

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

## 3. Means of Communication

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

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

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

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

### A) Compliance with other mandatory requirements

#### a) Management Discussion and Analysis

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

#### b) Subsidiaries

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

#### c) Secretarial Audit for reconciliation of capital

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

#### d) Code for prevention of Insider Trading

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

#### e) CEO/CFO Certification

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

#### f) Risk Management

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

#### g) Code of Conduct

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

### B) Compliance with non- mandatory requirements

#### a) Board

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

#### b) Remuneration Committee

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

#### c) Shareholder's Right

A half yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders. However the Company publishes its results on its website at www.goenkadiamonds.com, which is accessible to the public at large.

#### d) Audit Qualification

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

#### e) Whistle Blower Policy

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

### 4. General Shareholder Information

#### a) Annual General Meeting:

**Date and Time** : Friday, 27.<sup>th</sup> September, 2013 at 11.00 a.m.

**Venue** : Hotel Country Inn & Suites by Carlson, KhasaKothi Circle, M.I.Road, Jaipur 302001

**Financial year** : 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013

#### b) Financial Calendar : 2013-2014 (Tentative)

Annual General Meeting – Next Year	September 2013
Board Meetings:	
- Results for the quarter ending 30 <sup>th</sup> June 2013	By 14 <sup>th</sup> of August, 2013
- Results for the quarter ending 30 <sup>th</sup> September 2013	By 14 <sup>th</sup> of November, 2013
- Results for the quarter ending 31 <sup>st</sup> December 2013	By 14 <sup>th</sup> of February, 2014
- Results for the year ending 31 <sup>st</sup> March 2014	By 30 <sup>th</sup> of May, 2014

c) **Book Closure Date** : 20<sup>th</sup> September, 2013 to 27<sup>th</sup> September 2013  
(both days inclusive)

d) **Dividend Payment Date** : Dividend when sanctioned by shareholders will be payable on or after 27<sup>th</sup> September, 2013

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

#### f) Stock Code

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

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

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



# GOENKA DIAMOND AND JEWELS LIMITED

## g) Stock Market Data

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

Month	Bombay Stock Exchange (BSE) In (₹)		National Stock Exchange (NSE) In (₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2012	113.50	78.55	112.90	78.60
May, 2012	141.00	111.10	141.20	110.50
June, 2012	185.00	133.10	185.90	133.00
July, 2012	204.40	150.10	203.40	145.10
August, 2012	225.00	179.00	224.90	180.05
September, 2012	221.40	192.30	221.90	190.50
October, 2012	288.00	26.50	288.45	26.10
November, 2012	31.25	26.05	31.20	25.95
December, 2012	31.00	25.00	30.60	26.00
January, 2013	34.35	27.30	34.95	26.25
February, 2013	34.50	26.40	34.50	25.75
March, 2013	35.00	24.80	35.55	25.50

Note : Face value of the equity shares of the company was split from ₹ 10/- per share to ₹ 1/- per share w.e.f. 29<sup>th</sup> Oct 2012. The above table may be referred accordingly.

- 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 2012-13 and no share transfer pending as on 31<sup>st</sup> March 2013.

## j) Dematerialisation of equity shares

The Company's shares are traded in dematerialised form only. To facilitate trading in dematerialised form there are two depositories, i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has entered into an agreement with both these depositories. The shareholders can open account with any of the depository participants registered with any of these depositories. As on March 31, 2013 only 30 Equity Shares out of 31,70,00,000 equity shares of the Company are in physical form and 31,69,99,970 equity shares of the Company are in dematerialised form..

## k) Distribution of Shareholdings as on 31<sup>st</sup> March, 2013

Shareholding of nominal value In ₹	Shareholders		Share Amount	
	Number	% to Total Nos.	In ₹	% to Total Amt.
Upto - 5000	3512	89.32	2389956	0.75
5001 - 10000	123	3.13	919553	0.29
10001 - 20000	87	2.21	1281749	0.40
20001 – 30000	29	0.74	753230	0.24
30001 – 40000	18	0.46	637687	0.20
40001 – 50000	16	0.41	724918	0.23
50001 – 100000	35	0.89	2749298	0.87
100001 and above	112	2.85	307543609	97.02
<b>TOTAL</b>	<b>3932</b>	<b>100.00</b>	<b>317000000</b>	<b>100.00</b>

l) **Shareholding Pattern as on 31<sup>st</sup> March, 2013**

Category of Shareholders	Holding %
Promoters / Directors/Relatives – Indian	70.48
International Investors (FIIs/NRIs/OCBs)	5.60
Bodies Corporate	13.47
Resident Indians	7.90
Others	2.55
Total	100.00

- m) **Address for Investors Correspondence** : Karvy Computershare Pvt. Ltd  
(For transfer/dematerialisation of Shares (Unit Goenka Diamond and Jewels Ltd.)  
and any other query) Karvy House, 46, Avenue 4,  
Street No.1, Banjara Hills,  
Hyderabad 500 034
- Email Id for investors correspondence** : [investors@goenkadiamonds.com](mailto:investors@goenkadiamonds.com)
- n) **Any query on Annual Report** Registered Office of the Company

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

Place: Mumbai  
Date: August 10, 2013

**NITIN GOENKA**  
Chief Executive Officer

**NAVNEET GOENKA**  
Chief Financial Officer



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## **CERTIFICATE BY THE PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE**

To,

The Members of

**Goenka Diamond and Jewels Limited**

I have examined the compliance of the conditions of Corporate Governance by Goenka Diamond and Jewels Limited, for the year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**VISHAL N MANSETA**

**Practicing Company Secretary**

**C.P. No. : 8981**

**ACS No. : 25183**

**Place: Mumbai**

**Dated: 10<sup>th</sup> August 2013**

**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 2012-2013 that;

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

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

Mr. D. R. Mehta  
Chairman, Audit Committee

**Place:** Mumbai

**Dated:** 10<sup>th</sup> August 2013



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

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

1. We have reviewed the Balance Sheet and Statement of Profit and Loss of the Company for the year ended 31<sup>st</sup> March, 2013 and all its notes on financial statements, as well as the Cash Flow Statement.
2. To the best of our knowledge and information;
  - a) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to be applicable, to the company's auditors and through them to the audit committee of the Company's Board of Directors:
  - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
  - b) Significant changes in Internal control during the year;
  - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control system;
  - d) Significant changes in accounting policies during the year's

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

**For Goenka Diamond and Jewels Limited**

Nitin Goenka  
**Chief Executive Officer**

Navneet Goenka  
**Chief Financial Officer**

Place: **Mumbai**

Date: **10<sup>th</sup> August, 2013**

## INDEPENDENT AUDITORS' REPORT

To the Members of Goenka Diamond and Jewels Limited

### Report on the Financial Statements

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

#### **Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date: and
- (c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

#### **Emphasis of Matter**

*We draw attention to Note 1 (F) (C) of significant Accounting Policies regarding Inventories Wherein the determination of estimated net realizable value and specific identification involves technical judgments of the management which has been relied upon by us. Our opinion is not qualified in respect of this matter.*





## Report on other legal and regulatory requirements.

1. As required by the companies (auditor's report) order, 2003 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227 (227) (3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement company with the Accounting Standards referred to in subsection (3c) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31,2013,and taken on record by the Board of Directors, none of the directors are disqualified as on March 31,2013, from being appointed as a director in terms of clause (g) of sub-section(1) of section274 of the Companies Act,1956.

**For Haribhakti & Co.**  
**Chartered Accountant**  
**Firm Registration No. 103523W**

**For B. Khosla & Co.**  
**Chartered Accountant**  
**Firm Registration No. 000205C**

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**Sumant Sakhardande**  
**Partner**  
**Membership No. 034828**  
**Mumbai: May 11, 2013**

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**Sandeep Mundra**  
**Partners**  
**Membership No. 075482**  
**Mumbai: May 11, 2013**

### ANNEXURE TO AUDITORS' REPORT

**[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Goenka Diamond and Jewels Limited on the financial statements for the year ended March 31, 2013]**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on basis of available information .
- (b) As explained to us, the fixed assets of the company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on physical verification of stock as compared to book records are not material and the same have been properly dealt with in the books of accounts.
- (iii) (a) The Company has granted unsecured loan to 1 company, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 10,60,59,135 and the year-end balance of loans granted to such party was ₹10,60,59,135.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the company.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) 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. Accordingly, the provisions stated in paragraph 4 (iii)(f) and (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists 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, 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) Due to peculiarity of goods purchased from parties covered under section 301 of the Companies Act, we are unable to comment whether the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ five lacs that have been entered into during the financial year are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (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 has not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. 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 explanation given to us, the Company has not defaulted in repayment of dues of a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & 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 (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (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 explanation 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 Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) We have verified that the end use of money raised by public issues from the draft prospectus filed with SEBI, the offer document and as further amended vide AGM dated September 30, 2011 and as disclosed in the notes to the financial statements.
- (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 Haribhakti & Co.**  
**Chartered Accountant**  
**Firm Registration No. 103523W**

**For B. Khosla & Co.**  
**Chartered Accountant**  
**Firm Registration No. 000205C**

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**Sumant Sakhardande**  
**Partner**  
**Membership No. 034828**  
**Mumbai: May 11, 2013**

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**Sandeep Mundra**  
**Partners**  
**Membership No. 075482**  
**Mumbai: May 11, 2013**

## Balance Sheet as at March 31, 2013

	Note	As at March 31, 2013 ₹	As at March 31, 2012 ₹
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	2	317,000,000	317,000,000
Reserves And Surplus	3	2,682,243,925	2,507,051,814
Money received against share warrants		-	-
		<b>2,999,243,925</b>	<b>2,824,051,814</b>
Share application money pending allotment		-	-
<b>Non-Current Liabilities</b>			
Long-Term Borrowings		-	-
Long-Term Provisions	4	4,830,762	5,888,451
		<b>4,830,762</b>	<b>5,888,451</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	5	1,444,911,061	1,170,712,430
Trade Payables	6	1,242,082,056	953,220,853
Other Current Liabilities	7	16,837,773	108,977,201
Short-Term Provisions	8	64,797,152	51,584,796
		<b>2,768,628,042</b>	<b>2,284,495,280</b>
<b>Total</b>		<b>5,772,702,728</b>	<b>5,114,435,545</b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	9	131,246,468	73,502,996
Intangible Assets	9	9,211	39,500
Capital Work-In-Progress	9	-	66,841,421
Non-Current Investments	10	1,947,604	1,203,190
Deferred Tax Assets	11	6,805,115	5,803,847
Long-Term Loans and Advances	12	150,664,787	17,449,863
Other non-current assets		-	-
		<b>290,673,185</b>	<b>164,840,817</b>
<b>Current Assets</b>			
Current Investments	13	53,647,000	132,274,561
Inventories	14	1,434,513,539	1,434,362,871
Trade Receivables	15	3,806,368,479	3,110,097,652
Cash and Bank Balances	16	128,808,065	96,089,781
Short-Term Loans and Advances	17	53,963,221	79,285,359
Other Current Assets	18	4,729,240	97,484,503
		<b>5,482,029,544</b>	<b>4,949,594,728</b>
<b>Total</b>		<b>5,772,702,728</b>	<b>5,114,435,545</b>
Significant Accounting Policies	1		
Other Notes on Financial Statements	27 to 43		

As per our report of even date attached

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

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - May 11, 2013

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

**SUMANT SAKHARDANDE**  
Partner  
M.No.: 034828

For &amp; On behalf of the Board

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**NITIN GOENKA**  
Managing Director

**KALPANA REGUNTA**  
Company Secretary



# GOENKA DIAMOND AND JEWELS LIMITED

## Statement of Profit & Loss for the year ended March 31, 2013

	Note No.	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
<b>REVENUE</b>			
Revenue From Operations	19	7,293,262,117	5,157,097,102
Other Income	20	146,437,813	254,948,829
<b>Total</b>		<b>7,439,699,930</b>	<b>5,412,045,931</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	6,883,798,481	4,686,530,294
Purchases of Stock-In-Trade	22	27,894,831	155,353,816
Changes in Stock-In-Trade	23	93,253,552	121,304,172
Employee Benefits Expense	24	31,478,768	29,822,333
Finance Costs	25	101,391,174	88,503,675
Depreciation and Amortization Expense	9	12,043,781	12,930,055
Other Expenses	26	69,479,614	82,308,828
<b>Total</b>		<b>7,219,340,201</b>	<b>5,176,753,172</b>
<b>Profit Before Tax</b>		<b>220,359,730</b>	<b>235,292,758</b>
<b>Tax Expense:</b>			
(1) Current Tax (MAT)		38,000,000	30,545,000
(2) MAT Credit Entitlement		(29,000,000)	(2,500,000)
(2) Earlier Years Tax		283,107	445,771
(3) Deferred Tax Charges/(Credits)		(1,001,268)	(1,069,663)
		<b>8,281,839</b>	<b>27,421,108</b>
<b>Profit for the Year</b>		<b>212,077,891</b>	<b>207,871,650</b>
<b>Earnings Per Share (FV Re.1/-Each - Refer Note No.34)</b>			
Basic and Diluted (₹)		<b>0.67</b>	<b>0.66</b>
Significant Accounting Policies	<b>1</b>		
<b>Other Notes on Financial Statements</b>	<b>27 to 43</b>		
As per our report of even date attached For <b>B. KHOSLA &amp; CO.</b> Chartered Accountants F.R. No.: 000205C		For & On behalf of the Board  <b>NAVNEET GOENKA</b> Vice Chairman & Managing Director	
For <b>HARIBHAKTI &amp; CO.</b> Chartered Accountants F.R. No.: 103523W		<b>NITIN GOENKA</b> Managing Director	
<b>SANDEEP MUNDRA</b> Partner M.No.: 075482 Place - Mumbai Date - May 11, 2013		<b>KALPANA REGUNTA</b> Company Secretary	
<b>SUMANT SAKHARDANDE</b> Partner M.No.: 034828			

## Cash Flow Statement for the year ended March 31, 2013

	Year ended March, 31 2013 ₹	Year ended March, 31 2012 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	220,359,730	235,292,758
<b>Adjustment for</b>		
Depreciation	12,043,781	12,930,055
Unrealised Exchange Difference	(33,473,069)	(40,566,601)
Gratuity & Leave Liabilities	(1,057,689)	(2,259,017)
Decrease in Long Term Advances	(133,013,289)	-
Finance Charges Paid	101,391,174	88,503,675
Interest Income	(9,893,440)	(10,656,137)
Dividend Income	(9,062,238)	(4,633,068)
Profit on Redemption of Current Investments	-	(8,758,130)
<b>Operating Profit before Working Capital Changes</b>	<b>147,294,960</b>	<b>269,853,535</b>
<b>Adjustment for</b>		
Trade and other receivables(including loans and advances)	(541,184,818)	(412,814,653)
Inventories	(150,669)	(71,240,596)
Trade payable	288,268,353	(416,775,880)
Other Current Liabilities	(78,927,073)	206,327,067
<b>Cash generated from operations</b>	<b>(184,699,247)</b>	<b>(424,650,526)</b>
Income Tax Paid (Net)	(9,283,107)	(15,906,955)
Fringe Benefit Tax Paid	-	-
<b>Net cash from Operating Activities</b>	<b>(193,982,354)</b>	<b>(440,557,481)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,915,540)	(20,410,826)
Sale of Fixed Assets	-	446,614
Investment(Redemption) in Mutual Fund & Fixed deposits & OCD	79,902,061	133,687,390
Non-current Investments	(744,414)	(1,000,000)
Interest Income	9,893,440	10,656,137
Dividend Income	9,062,238	4,633,068
Profit on Redemption of Current Investments	-	8,758,130
<b>Net cash from investing activities</b>	<b>95,197,785</b>	<b>136,770,513</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Borrowings	271,255,943	463,636,601
Interest & Bank Commission paid on Borrowings	(101,391,174)	(88,503,675)
Dividend Paid ( Including Dividend Distribution Tax )	(37,087,415)	(36,842,533)
<b>Net cash from financing activities</b>	<b>132,777,353</b>	<b>338,290,393</b>
Net increase in Cash and Cash equivalent (A+B+C)	33,992,784	34,503,425
Cash and Cash equivalent in the Opening balance	76,259,314	41,755,889
<b>Cash and Cash equivalent in the Closing balance</b>	<b>110,252,098</b>	<b>76,259,314</b>
<b>Note :</b>		
<b>Cash and cash equivalent include cash on hand, bank balance and cheques in hand.</b>		
<b>Closing Cash and Cash Equivalents as per books</b>		
<b>Total of Cash &amp; Cash Equivalents (Refer Note No. 16)</b>	128,718,294	96,012,964
Fixed Deposit more than 3 months	18,466,196	19,753,650
<b>Cash and Cash equivalent in the Closing balance</b>	<b>110,252,098</b>	<b>76,259,314</b>
Cash in hand	216,401	634,273
Current Accounts	110,035,697	75,625,041
<b>Total</b>	<b>110,252,098</b>	<b>76,259,314</b>

As per our report of even date attached

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

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

For &amp; On behalf of the Board

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482

**SUMANT SAKHARDANDE**  
Partner  
M.No.: 034828

**NITIN GOENKA**  
Managing Director

Place - Mumbai  
Date - May 11, 2013

**KALPANA REGUNTA**  
Company Secretary



## 1. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2013

### A. Basis of Preparation of Financial Statements

- a. The financial statements have been prepared in compliance with the mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and generally accepted Accounting principles applicable in India (GAAP). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires changes in the accounting policy hitherto in use.
- b. The financial statements have been prepared under historical cost convention on accrual basis.
- c. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### B. 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.

### C. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation / amortisation 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.

Assets costing less than ₹ 5000/- are depreciated fully in the year of acquisition.

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

### D. Depreciation and Amortization

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

Leasehold land is amortized over the initial period of lease.

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

### E. 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 Statement of Profit and Loss. 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.

### F. Inventories

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

### G. Investments

Investments that are readily realizable and are intended to be held for not more than 1 year from the date, on which such investments are made, are classified as current investment. All other investments are classified as non-current investment.

Non-Current investments are stated at cost. Provision for diminution in the value of non-current investments is made if such decline is other than temporary in nature.

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

### H. 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.

### I. Other Income

#### a) Dividend on Investment:

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

#### b) Interest Income:

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

### J. Foreign Currency Transactions:

#### a. Initial Recognition:

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

#### b. Conversion:

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

#### c. Exchange Differences:

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

Exchange differences arising on the monetary items that, in substance, forms part of an enterprise's net investment in a non integral foreign operations are accumulated in a foreign currency translation reserve in the financial statements until the disposal of net investment, at which time they would be recognized an income or as expense in the Statement of Profit and Loss.

#### 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 Statement of Profit and Loss 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.

### K. Employee Benefits:

Short term employee benefits are recognized as an expense at the undiscounted amount in Statement of Profit and Loss of the year in which the related service is rendered.

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

### L. 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.

### M. 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 Statement of Profit and Loss on a straight-line basis over the lease term.

### N. Earnings Per Share

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





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

## O. 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.

## P. 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.

## Q. Provision for Current and Deferred Taxation:

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

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

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. Such assets is reviewed at each balance sheet date and carrying amount of the MAT credit is written down to extend there is no longer a convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

## R. 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.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Note No.

**2 Share Capital**

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	Amount	Number	Amount
<b>Authorised Share Capital</b>				
Equity Shares of ₹ 1/- each fully paid up (P/Y ₹ 10/- per share fully paid up)	330,000,000	330,000,000	33,000,000	330,000,000
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 1/- each fully paid up (P/Y ₹ 10/- per share fully paid up)	317,000,000	317,000,000	31,700,000	317,000,000
		<u>317,000,000</u>		<u>317,000,000</u>

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

Particulars	As at March 31, 2013 Equity Shares		As at March 31, 2012 Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year (F.V. of ₹ 10/- each)	31,700,000	317,000,000	31,700,000	317,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year (During the year, shares subdivided from ₹ 10/- each to ₹ 1/- each)	317,000,000	317,000,000	31,700,000	317,000,000

c The company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of Shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held (basis : Face Value of ₹ 1/- per share)	% of Holding	No. of Shares held (basis : Face Value of ₹ 10/- per share)	% of Holding
<b>Equity Shares:</b>				
NANDLAL GOENKA	98,550,000	31.09%	9,855,000	31.09%
NITIN GOENKA	40,976,250	12.93%	4,097,625	12.93%
NAVNEET GOENKA	39,153,750	12.35%	3,915,375	12.35%
NAND LAL GOENKA (HUF)	34,200,000	10.79%	3,420,000	10.79%

Note : The company's equity share had been subdivided and face value per share had been changed from ₹ 10/- per share to ₹ 1/- per share w.e.f. 29th Oct 2012.

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

	2012-13	2011-12	2010-11	2009-10	2008-09
<b>By Way of Bonus Shares</b> (adjusted for F.V. of ₹ 1/-)	-	-	-	104,202,000	-

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****3 Reserves & Surplus**

	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	₹	₹	₹	₹
<b>A. Securities Premium Account :</b>				
Opening Balance	1,088,507,042		1,088,507,042	
Add (Less) : Movement during the year	-		-	
	<u>1,088,507,042</u>		<u>1,088,507,042</u>	
		<b>1,088,507,042</b>		<b>1,088,507,042</b>
<b>B. General Reserve:</b>				
Opening Balance	9,908,000		9,908,000	
Add (Less) : Movement during the year	-		-	
	<u>9,908,000</u>		<u>9,908,000</u>	
		<b>9,908,000</b>		<b>9,908,000</b>
<b>C. Foreign Currency Translation Reserve:</b>				
Opening Balance	-		-	
Add (Less) : Movement during the year	201,635		-	
	<u>201,635</u>		<u>-</u>	
		<b>201,635</b>		<b>-</b>
<b>C. Surplus/ (Deficit)</b>				
Opening balance	1,408,636,772		1,237,607,655	
<b>Add:</b>				
Net Profit For the current year	212,077,891		207,871,650	
	<u>1,620,714,663</u>		<u>1,445,479,305</u>	
<b>Less: Appropriations</b>				
Proposed Dividend	31,700,000		31,700,000	
Tax on Proposed Dividend	5,387,415		5,142,533	
Surplus/ (Deficit)		<u><b>1,583,627,248</b></u>		<u><b>1,408,636,772</b></u>
		<u><b>2,682,243,925</b></u>		<u><b>2,507,051,814</b></u>

**Non Current Liabilities****4 Long Term Provisions**

	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	₹	₹	₹	₹
<b>Provision For Employee Benefits:</b>				
Provision for Gratuity (Refer Note no. 30 (B))	4,593,362		5,737,330	
Provision for Compensated Absences (Refer Note no. 30 (B))	237,400	4,830,762	151,121	5,888,451
		<u><b>4,830,762</b></u>		<u><b>5,888,451</b></u>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 5 Short Term Borrowings

	<u>As at</u> <u>March 31, 2013</u>	<u>As at</u> <u>March 31, 2012</u>
	₹	₹
<b>Secured:</b>		
<b>Loan Repayable on demand from Banks</b>		
Pre-shipment Credit	537,896,643	503,746,550
Post-shipment Credit	907,014,418	666,965,880
	1,444,911,061	1,170,712,430
	<b>1,444,911,061</b>	<b>1,170,712,430</b>

#### Nature of Security

Credit Facilities are secured by:

- i) First pari passu charge on all tangible and intangible assets including current assets viz., stock of raw materials, work in progress and finished goods.
- ii) Further secured, on pari-passu basis: -
  - a) Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director, Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai and Factory land and building at surat
  - b) Personal Guarantees of Chairman, Vice Chairman & MD and MD of the Company.

### 6 Trade Payables

	<u>As at</u> <u>March 31, 2013</u>	<u>As at</u> <u>March 31, 2012</u>
	₹	₹
Sundry Creditors	1,242,082,056	953,220,853
	<b>1,242,082,056</b>	<b>953,220,853</b>

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

### 7 Other Current Liabilities

	<u>As at</u> <u>March 31, 2013</u>	<u>As at</u> <u>March 31, 2012</u>
	₹	₹
Interest accrued but not due on borrowing	231,885	375,163
Unclaimed Dividend*	89,771	76,817
Employee benefit payables	2,654,794	2,762,871
Statutory Dues( including PF, TDS etc.)	1,013,615	1,015,728
Creditor for Capital goods	1,115,000	1,115,000
Due to director's in current account	773,933	3,070,426
Other Payables#	10,958,775	100,561,196
	<b>16,837,773</b>	<b>108,977,201</b>

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

# Includes NIL (Previous year ₹ 9,38,81,677/-) liabilities of outstanding foreign currency forward contracts arising on account of re-statement at closing rate



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

8 Short Term Provisions

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Provision for Gratuity (Refer Note no. 30 (B))	4,095,944		1,173,330	
Provision for Compensated Absences (Refer Note no. 30 (B))	<u>99,370</u>	4,195,314	<u>21,395</u>	1,194,725
Proposed Dividend		31,700,000		31,700,000
Tax on Proposed Dividend		5,387,415		5,142,533
Provision for Taxation (Net of Advance Tax)		<u>23,514,423</u>		<u>13,547,538</u>
		<u><b>64,797,152</b></u>		<u><b>51,584,796</b></u>

9 FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2012	Addition during the period	Deductions during the year	Total as on 31.03.2013	Upto 01.04.2012	Provided during the period	Adj. for deductions	Total upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
<b>A.</b>	<b>Tangible Assets</b>										
1	Leasehold Factory land	2,736,000	-	-	2,736,000	1,140,000	182,400	-	1,322,400	1,413,600	1,596,000
2	Leasehold land	-	66,841,421	-	66,841,421	-	2,228,047	-	2,228,047	64,613,374	-
3	Buildings	70,926,760	-	-	70,926,760	25,283,691	3,293,814	-	28,577,505	42,349,255	45,643,069
4	Plant & Machinery	15,330,092	-	-	15,330,092	5,561,378	1,358,828	-	6,920,206	8,409,886	9,768,714
5	Electric Installation	2,286,599	-	-	2,286,599	907,070	191,893	-	1,098,963	1,187,636	1,379,529
6	Furniture & Fixtures	10,764,338	1,895,491	-	12,659,829	6,851,306	828,017	-	7,679,323	4,980,506	3,913,032
7	Office Equipment	5,265,129	843,955	-	6,109,084	1,869,728	531,509	-	2,401,237	3,707,847	3,395,400
8	Vehicle	11,280,229	-	-	11,280,229	8,838,209	632,240	-	9,470,449	1,809,780	2,442,020
9	Computers	7,161,706	176,094	-	7,337,800	3,640,783	1,464,870	-	5,105,653	2,232,147	3,520,923
10	Improvement on Leasehold Premises	14,613,893	-	-	14,613,893	12,769,583	1,301,873	-	14,071,456	542,437	1,844,310
<b>B.</b>	<b>Intangible Assets</b>										
1	Computer Software	863,910	-	-	863,910	824,410	30,289	-	854,699	9,211	39,500
<b>C.</b>	<b>Capital Work in Progress</b>										
	Capital Work in Progress	66,841,421	-	66,841,421	-	-	-	-	-	-	66,841,421
	<b>Total</b>	<b>208,070,077</b>	<b>69,756,961</b>	<b>66,841,421</b>	<b>210,985,617</b>	<b>67,686,158</b>	<b>12,043,781</b>	<b>-</b>	<b>79,729,938</b>	<b>131,255,679</b>	<b>140,383,917</b>
	<b>Total for Previous year</b>	<b>189,035,729</b>	<b>23,782,304</b>	<b>4,747,957</b>	<b>20,807,076</b>	<b>55,685,965</b>	<b>12,930,055</b>	<b>929,861</b>	<b>67,686,158</b>	<b>140,383,917</b>	<b>133,349,761</b>

Notes:

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

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 10 Non Current Investment

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

	Gross Amount		Diminution in Value of Investment		Net Amount	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
<b>a. Trade Investment (Unquoted)</b>						
<b>1 Investment in Equity Instruments</b>						
Investment in Subsidiary (Fully Paid up)						
A) Share of 9500 roubles being 95% of the issued Capital of M.B. Diamonds LLC..	203,190	203,190	-	-	203,190	203,190
B) 50 share of AED 1000 each being 100% of the issued Capital of Goenka Diamond & Jewels DMCC..(Previous Year "NIL")	744,414	-	-	-	744,414	-
<b>2 Investment in Partnership Firm</b>						
Solitaire Diamonds Exports	1,000,000	1,000,000	-	-	1,000,000	1,000,000
<b>Total</b>	<b>1,947,604</b>	<b>1,203,190</b>	<b>-</b>	<b>-</b>	<b>1,947,604</b>	<b>1,203,190</b>

#### b. Details of Investment in Partnership Firm

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

#### c. Notes:-

1. Aggregate amount of Quoted Investment	-	-
2. Market value of Quoted Investment	-	-
3. Aggregate amount of Non Quoted Investment	1,947,604	1,203,190
4. Aggregate amount of provision for diminution in value of Investment	-	-

### 11 Deferred Tax Assets

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
<b>Deferred Tax Assets</b>				
On account of Gratuity & Compensated Absences	3,067,963		2,298,136	
On account of Depreciation	<u>3,737,152</u>	6,805,115	<u>3,505,711</u>	5,803,847
		<b><u>6,805,115</u></b>		<b><u>5,803,847</u></b>

Net deferred tax charge/(credit) for the year of ₹ (10,01,268) (Previous year ₹ (10,69,663) has been recognized in the Statement of Profit and Loss for the year.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****12 Long Term Loans And Advances****(Unsecured and considered good, unless otherwise stated)**

	<b>As at</b>	<b>As at</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	₹	₹
Capital Advances	1,100,000	1,100,000
Loan to Subsidiary	106,059,135	-
Security Deposits #	12,005,652	13,849,863
MAT Credit Entitlement	31,500,000	2,500,000
	<b><u>150,664,787</u></b>	<b><u>17,449,863</u></b>

# include ₹ 2,00,000/- (P/Y ₹ 2,00,000/-) security deposit given to Chairman, Managing Director and their relatives.

**Current Assets****13 Current Investments****(At lower of Cost or Market Price)**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
<b>a. Investment in Bonds (Quoted)</b>	<b>Number</b>	<b>Amount in ₹</b>	<b>Number</b>	<b>Amount in ₹</b>
8.15% Indian Railway Finance Corporation Ltd	2,175	2,175,000	2,175	2,175,000
8.20% National Highways Authority of India	2,472	2,472,000	2,472	2,472,000
<b>b. Investment in 12% Optional Convertible Debenture (Unquoted)</b>				
Gem Gold Mining Pvt. Ltd.	490,000	49,000,000		-
<b>c. Investment in Mutual Funds (Quoted)</b>				
IDFC Money Manager Fund	-	-	466,085	5,000,000
ICICI Prudential Flexible Income Plan Premium	-	-	64,922	6,864,561
ICICI Pru Interval Fund-II Qtrly Interval Plan	-	-	5,784,606	57,850,000
JM Financial Mutual Fund	-	-	512,323	5,126,717
L & T Select Income Fund - Flexi Debt Inst	-	-	1,420,315	16,708,389
L & T Select Income Fund Flexi Debt Plan	-	-	1,535,082	15,977,596
Reliance Liquid Fund-Treasury Plan-Daily	-	-	1,314,828	20,100,298
		<b><u>53,647,000</u></b>		<b><u>132,274,561</u></b>
1. Aggregate amount of Quoted Investment		4,647,000		132,274,561
2. Market value of Quoted Investment		5,028,849		133,671,496
3. Aggregate amount of Non Quoted Investment		49,000,000		-
4. Aggregate amount of provision for diminution in value of Investment		-		-

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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

	<u>As at March 31, 2013</u>	<u>As at March 31, 2012</u>
	₹	₹
<b>14 Inventories</b> (Cost or Market Price, whichever is lower) (As taken, valued and certified by the Management)		
Raw Materials	1,002,646,184	833,011,822
Stock in Process	82,650,367	158,880,509
Finished Goods	349,216,988	442,470,540
	<u>1,434,513,539</u>	<u>1,434,362,871</u>
	<u>As at March 31, 2013</u>	<u>As at March 31, 2012</u>
	₹	₹
<b>15 Trade Receivables</b> (Unsecured and considered good unless otherwise stated)		
Outstanding for more than Six Months from the date they are due for payments	375,941,846	240,019,119
Others	3,430,426,633	2,870,078,533
	<u>3,806,368,479</u>	<u>3,110,097,652</u>
	<u>As at March 31, 2013</u>	<u>As at March 31, 2012</u>
	₹	₹
<b>16 Cash And Bank Balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	216,401	634,273
Balance with Banks	110,035,697	75,625,042
<b>Total (A)</b>	<u>110,252,098</u>	<u>76,259,314</u>
<b>Other Bank Balances</b>		
(a) Unpaid Dividend Bank Account	89,771	76,817
<b>(b) Bank Deposits</b>		
Pledged*	18,466,196	19,753,650
Non Pledged	-	-
<b>Total (B)</b>	<u>18,466,196</u>	<u>19,753,650</u>
<b>Total (A+B)</b>	<u>128,808,065</u>	<u>96,089,781</u>

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





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 17 Short Term Loans And Advances

(Unsecured and considered good unless otherwise stated)

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Advance To Staff		68,999		169,070
<b>Loans &amp; Advances to</b>				
-Subsidiary	3,736,197		18,060,106	
-Partnership Firm	-	3,736,197	1,036,000	19,096,106
Advance To Suppliers		40,281,268		755,147
Inter-corporate deposit		-		50,000,000
Prepaid Expenses		7,816,249		7,751,421
Balances with Tax Authorities		1,879,394		1,478,067
<b>Others</b>				
-Considered Good #	181,114		35,548	
-Considered Doubtful	835,000		835,000	
	<b>1,016,114</b>		<b>870,548</b>	
Less - Provided for	835,000	181,114	835,000	35,548
	<b>53,963,221</b>		<b>79,285,359</b>	

# Includes ₹ 180,114/- (P/Y "NIL") given as advance to an enterprise in which directors are interested.

### 18 Other Current Assets

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Interest Accrued on deposits / debentures		4,671,255		688,810
Current Account in partnership Firm		-		76,751,144
Others		57,985		20,044,549
		<b>4,729,240</b>		<b>97,484,503</b>

### 19 Revenue From Operations

	Year ended March 31, 2013		Year ended March 31, 2012	
	₹	₹	₹	₹
<b>Sale of Products:</b>				
Export Sales	5,002,377,603		3,365,996,170	
Domestic Sales	2,279,281,619	<b>7,281,659,222</b>	1,714,349,788	<b>5,080,345,958</b>
Share of Profit from Partnership Firm		11,602,895		76,751,144
		<b>7,293,262,117</b>		<b>5,157,097,102</b>

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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**
**20 Other Income**

	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
	₹	₹
Interest	9,893,440	10,656,137
Income from Investments	9,062,238	13,391,198
Liability No Longer required	208,523	3,793,590
Forward Contract Premium	-	15,864,823
Other Income	53,053	146,156
Profit on Sale of Fixed Assets	-	216,519
Exchange Fluctuation (Net)	127,220,559	210,880,407
	<b><u>146,437,813</u></b>	<b><u>254,948,829</u></b>

**21 Cost of Material Consumed**

	<b>Year ended March 31, 2013</b>		<b>Year ended March 31, 2012</b>	
	₹	₹	₹	₹
<b>Materials Consumed</b>				
Opening Raw Material / Material-in-process	991,892,331		799,347,564	
Add: Purchases	<u>6,977,202,701</u>		<u>4,879,075,062</u>	
	<b>7,969,095,032</b>		<b>5,678,422,625</b>	
Less: Closing Raw Material/Material-in-process	<u>1,085,296,551</u>	6,883,798,481	<u>991,892,331</u>	4,686,530,294
		<b><u>6,883,798,481</u></b>		<b><u>4,686,530,294</u></b>
<b>Broad Heads for Materials Consumed</b>				
Gold & Alloy		40,808,478		42,473,056
Cut & Polish Diamonds and Colour Stones		<u>6,842,990,003</u>		<u>4,644,057,239</u>
		<b><u>6,883,798,481</u></b>		<b><u>4,686,530,294</u></b>

**22 Purchases of Stock-In-Trade**

	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
	₹	₹
Purchases of Finished Goods	27,894,831	155,353,816
	<b><u>27,894,831</u></b>	<b><u>155,353,816</u></b>

**23 Changes In Stock-In-Trade  
Decrease/(Increase) of Stock-in-Trade  
consists of**

	<b>Year ended March 31, 2013</b>		<b>Year ended March 31, 2012</b>	
	₹	₹	₹	₹
<b>Opening Stocks</b>				
Finished Goods	442,470,540		563,774,711	
	<u>442,470,540</u>		<u>563,774,711</u>	
<b>Less: Closing Stocks</b>				
Finished Goods	349,216,988		442,470,540	
	<u>349,216,988</u>		<u>442,470,540</u>	
		<b><u>93,253,552</u></b>		<b><u>121,304,172</u></b>



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

<b>24</b>	<b>Employees Benefit Expense</b>	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
		₹	₹
	Salaries, Wages, Bonus etc.	28,707,148	27,002,542
	Contributions to Provident and Other Funds	2,141,255	2,109,171
	Staff Welfare Expenses	630,365	710,620
		<u>31,478,768</u>	<u>29,822,333</u>
<b>25</b>	<b>Financial Cost</b>	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
	<b>Interest</b>	₹	₹
	- On Working Capital Facilities	72,559,532	65,635,694
	- Other Finance Charges	28,831,642	22,867,981
		<u>101,391,174</u>	<u>88,503,675</u>
<b>26</b>	<b>Other Expenses</b>	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
	<b>a. Manufacturing Expenses</b>	₹	₹
	Electricity & Water expenses	213,521	444,426
	Factory Rent	1,614,385	1,472,769
	Misc Factory Expenses	1,502,273	5,229,295
	Factory Repair & Maintenance	147,777	107,100
	<b>Total (A)</b>	<u>3,477,956</u>	<u>7,253,590</u>
	<b>b. Administrative &amp; Selling Expenses</b>		
	Rent, Rates and Taxes	9,493,923	9,843,332
	Water & Electricity	1,879,112	1,746,226
	Insurance	1,430,950	1,378,083
	Travelling and Conveyance	8,171,981	7,558,050
	Legal and Professional	4,828,215	6,087,318
	Postage and Telephone	1,596,540	1,642,041
	Printing and Stationery	657,242	698,252
	Advertisement and Business Promotion	7,785,763	11,740,769
	Brokerage and Commission	470,922	1,088,551
	Directors' Remuneration	15,600,000	15,600,000
	Director's Sitting Fees	483,148	150,000
	Misc. Expenses	2,733,753	4,510,050
	Vehicle Running & Maintenance	662,140	981,851
	Repair & Maintenance	1,524,568	2,593,077
	Export and Selling Expenses	2,647,573	1,600,836
	Diamond Certification Charges	2,112,876	2,747,785
	Exhibition Expenses	2,621,180	3,896,661
	<b>Auditors' Remuneration</b>		
	- Statuary Audit Fees	898,880	898,880
	- Taxation Matters	53,371	28,090
	- for Other services	331,555	248,177
	- Reimbursement of Expenses	17,966	17,210
	<b>Total (B)</b>	<u>1,301,772</u>	<u>1,192,357</u>
	<b>Total (A+B)</b>	<u>66,001,658</u>	<u>75,055,238</u>
	<b>Total Other Expenses</b>	<u>69,479,614</u>	<u>82,308,828</u>

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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

27 Value and % of Material Consumption	Year ended March 31, 2013		Year ended March 31, 2012	
	%	₹	%	₹
Raw Materials and Components:				
Imported	64%	4,382,755,108	66%	3,081,297,803
Indigenous	36%	2,501,043,373	34%	1,605,232,491
	<u>100%</u>	<u>6,883,798,481</u>	<u>100%</u>	<u>4,686,530,294</u>

	Year ended March 31, 2013	Year ended March 31, 2012
	₹	₹
28 Expenditure in Foreign Currency		
a Travelling	492,789	314,368
b Other	-	1,689,835
c Import of goods in C.I.F. value	4,594,379,639	3,258,238,912
29 Earnings in Foreign Currency (Accrual basis)		
Export of goods calculated on F.O.B. basis	5,000,721,896	3,364,849,663
Interest	168,041	-

**30 The Company has classified various benefits provided to employees as under:**
**A. Defined Contribution Plans**

- Provident Fund
- State Defined Contribution Plan
- Employers' Contribution to Employees' State Insurance

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

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	₹	₹
Employer's contribution to Provident Fund	1,683,435	1,658,011
Employer's contribution to Employees State Insurance	454,238	445,664
Employer's Contribution to Maharashtra Labour Welfare Fund	3,582	5,496

**B. Defined Benefit Plans**

- Gratuity Liability (Unfunded Scheme)** : In accordance with the Accounting Standard (AS 15) (Revised 2005) "Employee Benefits", actuarial valuation was performed in respect of the Gratuity Liability based on the following assumptions:

	Year ended March 31, 2013	Year ended March 31, 2012
	₹	₹
	<b>Gratuity</b>	<b>Gratuity</b>
Discount Rate (per annum)	8.10%	8.50%
Rate of increase in compensation levels (per annum)	7.00%	7.00%
Mortality	LIC (1994-96)	LIC (1994-96)
Rate of return on Plan Assets (for Funded Scheme)	Nil (Non-Funded)	Nil (Non-Funded)

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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

<b>I. Change in the Present Value of Defined Benefit Obligation</b>	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
	₹	₹
	<b>Gratuity</b>	<b>Gratuity</b>
Present value of defined benefit obligation as at beginning of the year	6,910,660	7,294,147
Interest cost	587,406	652,397
Past Service cost	-	-
Current service cost	817,773	613,695
Benefits paid	-	-
Actuarial (gain) / loss on obligations	373,467	(1,649,579)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>8,689,306</b>	<b>6,910,660</b>
<b>II. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>		
Present value of unfunded obligation as at end of the year	8,689,306	6,910,660
Fair value of plan assets as at end of the year	-	-
Funded Asset recognised in the Balance Sheet	-	-
Unfunded obligation recognised in the Balance Sheet	8,689,306	6,910,660
Shown as		
Non-Current Provision (refer note no. 4)	4,593,362	5,737,330
Current Provision (refer note no. 8)	4,095,944	1,173,330
<b>III. Expenses recognised in the Statement of Profit and Loss:</b>		
Current service cost	817,773	613,695
Past service cost	-	-
Interest cost	587,406	652,397
Expected Return on Plan Assets	-	-
Net Actuarial (gain) / Loss recognised in the period	373,467	(1,649,579)
Total Expenses recognised in the Statement of Profit and Loss *	1,778,646	(383,487)

\* included in Salaries, wages, bonus etc in Note No.24

**b. Compensated Absences (Non – Funded Scheme)**

Compensated Absences has been provided based on valuation, as at the balance sheet date, made by independent actuaries .

The amount recognised in the statement of profit & loss during the year is ₹ 164,254/- (P.Y. ₹ 172,516)

<b>Particulars</b>	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
	₹	₹
	<b>Compensated Absences</b>	<b>Compensated Absences</b>
Unfunded obligation recognised in the Balance Sheet	336,770	172,516
Shown as		
Non-Current Provision (refer note no. 4)	237,400	151,121
Current Provision (refer note no. 8)	99,370	21,395

**31** During the previous year 2011-12, the Company had the practice of recording all import and export transactions at the rate declared by the Customs department every month. Due to high volatility in the rates of USD during that year, there had been substantial differences in the Customs declared rate and the general rates prevailing on the date of the transactions. Had each of the import and export transactions been recorded at the RBI reference rate on the date of the transaction, the foreign exchange gain would have been lower by ₹ 6,03,77,480/- and normal trading profits would have been higher by the same amount.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

**32 Related Party Disclosures:**

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

**Subsidiaries (Direct)**

1. M.B. Diamonds LLC - Russia
2. Goenka Diamond & Jewels DMCC - Dubai

**Enterprises in which Key management personnel are interested :**

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

**Key Management Personnel (KMP):**

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

**Relative of Key Management Personnel**

1. Smt. Namita Jain (Daughter of Sh Nandlal Goenka)
2. Smt. Neeta Saraf (Daughter of Sh Nandlal Goenka)
3. Smt. Nirmala Goenka (Wife of Sh Nandlal Goenka)
4. Smt. Bhawna Goenka (Wife of Sh Navneet Goenka)
5. Smt. Dhriti Goenka (Wife of Sh Nitin Goenka)



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

B. Related Party Transactions

Nature of Transactions	Subsidiary		Key Managerial Personnel		Relative of Key Managerial Personnel / Associates / Others	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>a. Purchases of Goods</b>	19,590,969	150,924,205	-	-	-	-
<b>b. Rent Paid</b>						
1. Nandlal Goenka	-	-	990,000	990,000	-	-
2. Navneet Goenka	-	-	-	675,000	-	-
3. Nitin Goenka	-	-	900,000	900,000	-	-
4. Bhawna Goenka	-	-	-	-	300,000	75,000
5. Nirmala Goenka	-	-	-	-	300,000	75,000
<b>c. Remuneration #</b>						
1. Nandlal Goenka	-	-	6,000,000	6,000,000	-	-
2. Navneet Goenka	-	-	4,800,000	4,800,000	-	-
3. Nitin Goenka	-	-	4,800,000	4,800,000	-	-
<b>d. Perquisites</b>						
1. Navneet Goenka	-	-	687,600	710,160	-	-
2. Others	-	-	79,200	79,200	-	-
<b>e. Dividend Paid</b>						
1. Nandlal Goenka	-	-	9,855,000	9,855,000	-	-
2. Navneet Goenka	-	-	3,915,375	3,915,375	-	-
3. Nitin Goenka	-	-	4,097,625	4,097,625	-	-
4. Others	-	-	-	-	-	4,474,800
<b>f. Interest Received</b>	168,041	-	-	-	3,882,411	-
<b>g. Share of Profit from Partnership Firm</b>	-	-	-	-	11,602,895	76,751,144
<b>(ii) Balances as at 31.03.13</b>						
<b>1. Advances</b>	118,648,069	28,775,287	-	-	180,114	-
<b>2. Security Deposits</b>						
i. Nandlal Goenka	-	-	50,000	50,000	-	-
ii. Nitin Goenka	-	-	50,000	50,000	-	-
iii. Bhawna Goenka	-	-	-	-	50,000	50,000
iv. Nirmala Goenka	-	-	-	-	50,000	50,000
<b>3. Credit Balance of following parties</b>						
i. Nandlal Goenka	-	-	227,974	2,027,416	-	-
ii. Navneet Goenka	-	-	44,223	366,985	-	-
iii. Nitin Goenka	-	-	501,736	676,025	-	-
iv. Bhawna Goenka	-	-	-	-	152,500	117,500
v. Nirmala Goenka	-	-	-	-	152,500	117,500
<b>4. Investment in Subsidiaries</b>	947,604	203,190	-	-	-	-
<b>5. Investment in Others</b>						
i. Gem Gold Mining Pvt. Ltd.	-	-	-	-	49,000,000	-
ii. Solitaire Diamond Exports	-	-	-	-	1,000,000	1,000,000
<b>6. Balance in Current A/c</b>	-	-	-	-	(349,961)	77,751,144

# As liability for gratuity and compensated expenses are computed for all the employees in aggregate, the amounts relating to the Key Management Personnel cannot be individually identified

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

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

	Amount Received from IPO	1,265,085,000	1,265,085,000	1,265,085,000
S. No.	Particulars of proposed reallocated expenditure	Proposed	Actual	Actual
			March 31, 2013	March 31, 2012
1	For expansion and establishment of new retail stores either by way of lease or outright purchase and increase in production capacity of Diamond and Jewellery manufacturing facilities and other general capex required for expansion	114,384,000	114,384,000	111,522,523
2	Funding to subsidiaries and such entities by way of equity, capital, Loans and Advances or in any other manner	200,000,000	173,369,957	31,014,477
3	Working Capital Requirement for business	845,996,000	845,996,000	845,996,000
4	General Corporate Purposes	21,837,000	21,837,000	21,837,000
5	Issue Expenses	82,868,000	82,868,000	82,868,000
	<b>Total</b>	<b>1,265,085,000</b>	<b>1,238,454,957</b>	<b>1,093,238,000</b>
	<b>Unutilized Amount Represented by</b>			
	Investments in Mutual Funds & Govt. Bonds		4,647,000	121,847,000
	Bank Balance / ICD		21,983,043	50,000,000





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

34	Earnings Per Share (EPS) #	<u>Year ended</u> <u>March 31, 2013</u>		<u>Year ended</u> <u>March 31, 2012</u>	
		₹	₹	₹	₹
a.	<b>Profit after Tax (₹)</b>		<b>212,077,891</b>		<b>207,871,650</b>
	- Before Exceptional Item	212,077,891		207,871,650	
	- After Exceptional Item	212,077,891		207,871,650	
b.	Dividend on Preference Shares (₹)		-		-
c.	<b>Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹) (a-b)</b>		<b>212,077,891</b>		<b>207,871,650</b>
d.	Weighted average number of Equity shares Outstanding during the year for basic EPS (After adjustment for sub-division of shares during current financial year )		317,000,000		317,000,000
e.	Weighted average number of Equity Shares outstanding during the year for Diluted EPS ( After adjustment for sub-division of shares during current financial year )		317,000,000		317,000,000
f.	<b>Basic Earnings Per Share</b>				
	- Before Exceptional Item		0.67		0.66
	- After Exceptional Item		0.67		0.66
g.	<b>Diluted Earnings Per Share</b>				
	- Before Exceptional Item		0.67		0.66
	- after Exceptional Item		0.67		0.66

# The Company has sub divided its equity share from ₹ 10/- each to ₹ 1/- w.e.f. 29th Oct 2012 and the same has been adjusted for previous financial year.

35	Contingent Liabilities & Commitments	<u>Year ended</u> <u>March 31, 2013</u>		<u>Year ended</u> <u>March 31, 2012</u>	
		₹	₹	₹	₹
	<b>Capital Commitment:</b>				
	Estimated amount of contracts remaining to be Executed and not provided for		5,618,000		5,618,000

36 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 ₹ 819000/-. The same has been shown in the closing stock of emerald cut in the books of Accounts

37 Disclosure in respect of derivative instruments as at March 31, 2013

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

	<u>Year ended</u> <u>March 31, 2013</u>		<u>Year ended</u> <u>March 31, 2012</u>	
	Type Of Currency	Value of Contract	Type Of Currency	Value of Contract
	USD / INR	NIL	USD / INR	USD 18,520,144

Number of Contracts Outstanding "NIL" (Previous year "14" )

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- b) No derivative instruments are acquired for trading or speculation purposes.  
 c) Foreign Currency Exposures that are not hedged by derivative instruments or otherwise as at reporting date are as below:

Particular	Amount in INR		In Foreign Currency in USD	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Trade Receivable	3,797,634,355	2,651,097,983	69,823,189	52,166,430
Trade Payable	1,163,070,262	832,201,362	21,384,174	16,140,445
Receivable from Subsidiary Company	3,561,303	18,060,107	65,478	355,374
EBRD & PCFC Loan	1,351,311,051	869,503,299	24,845,163	16,863,912
Bank Current Account	64,398	1,865,323	1,184	36,705

### 38 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.

#### A) Primary Segment : Business Segment

Particulars	As at March 31, 2013				As at March 31, 2012			
	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total
<b>Primary Segment (by Product)</b>								
<b>Revenue</b>								
Segment Revenue	5,178,790,939	2,114,471,178	-	7,293,262,117	3,719,095,530	1,438,001,572	-	5,157,097,102
<b>Results</b>								
Segment Results	322,063,310	22,250,365	-	344,313,675	231,115,462	89,077,402	-	320,192,861
<b>Operating Profit</b>								
Other Income				19,266,526				26,569,711
Unallocable Expenses				(41,829,296)				(47,468,009)
Interest Expenses				(101,391,174)				(64,001,806)
<b>Net Profit before tax.</b>				220,359,730				235,292,758
Segment Assets	4,553,628,555	995,469,544	223,604,632	5,772,702,731	3,718,065,604	1,091,446,875	304,923,066	5,114,435,545
Segment Liabilities	2,623,386,987	76,459,524	73,612,292	2,773,458,803	982,886,217	73,820,501	1,233,677,013	2,290,383,731
<b>Net Capital Employed</b>	1,930,241,568	919,010,020	149,992,340	2,999,243,928	2,735,179,387	1,017,626,374	(928,753,947)	2,824,051,814
Capital Expenditure	225,720	69,531,240	-	69,756,960	10,641,830	68,050,745	89,729	78,782,304
Depreciation & Amortization	6,918,923	4,401,423	723,435	12,043,781	7,317,827	2,391,161	3,221,067	12,930,055



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

**B) Secondary Segment : Geographical Segment**

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Segment Revenue by Customer's Location	2,279,281,619	5,013,980,498	7,293,262,117	1,714,349,788	3,442,747,314	5,157,097,102
Segments Assets	1,975,068,376	3,797,634,355	5,772,702,731	2,075,495,205	3,038,940,340	5,114,435,545

**39 Obligation towards operating Leases**

	<u>Year ended</u> <u>March, 31 2013</u>	<u>Year ended</u> <u>March, 31 2012</u>
	₹	₹
<b>Operating Lease Obligation</b>		
Not Later than one year	5,029,000	10,493,704
Later than one year but not later than five years	61,000	10,067,416
Later than five years	-	-
<b>Total</b>	<b>5,090,000</b>	<b>20,561,119</b>

**40 Advances to Subsidiary / Partnership Firm**

Particular	Maximum Amount Outstanding		Year End Balance	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
M/s. M B Diamonds LLC ( Subsidiary)	18,060,106	95,058,024	3,561,302	18,060,106
M/s. Solitaire Diamond Exports ( a Partnership Firm)	1,506,000	1,036,000	NIL	1,036,000
M/s. Goenka Diamond & Jewels DMCC (WOS)	106,059,135	NIL	106,059,135	NIL

**41 Proposed Dividend**

	<u>Year ended</u> <u>March, 31 2013</u>	<u>Year ended</u> <u>March, 31 2012</u>
	₹	₹
<b>On Equity Share of ₹ 1/- each (P/Y ₹ 10/- each)</b>		
Amount of Dividend Proposed	31,700,000	31,700,000
Dividend per Equity Share	₹ 0.10/-	₹ 1/-

**42** In the opinion of the Board, all assets other than fixed assets and non current investment have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet.

**43** Previous year's figures have been regrouped or rearranged wherever necessary.

As per our report of even date attached

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

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

For & On behalf of the Board

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482

**SUMANT SAKHARDANDE**  
Partner  
M.No.: 034828

**NITIN GOENKA**  
Managing Director

Place - Mumbai  
Date - May 11, 2013

**KALPANA REGUNTA**  
Company Secretary

**INDEPENDENT AUDITORS REPORT**  
**ON THE CONSOLIDATED FINANCIAL STATEMENTS OF**  
**GOENKA DIAMOND AND JEWELS LIMITED**

**To the Board of Directors of Goenka Diamond & Jewels Limited**

We have audited the accompanying consolidated financial statements of Goenka Diamond & Jewels Limited (“the Company”) and its subsidiaries (the Company and its subsidiaries constitute “the Group”) which comprise consolidated balance sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

*Management’s Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation of these consolidated financial statement on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated performance and consolidated cash flows of the Group in accordance with accounting principle generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

*Auditors’ Responsibility*

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

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

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

**Opinion**

We report that the consolidated financial statement have been prepared by the Company’s Management in accordance with the requirement of Accounting Standard (AS) 21, “Consolidated financial statements” as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Goenka Diamond and Jewels Limited and its subsidiaries.

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.



## ***Emphasis of Matter***

*We draw attention to Accounting Policies regarding Inventories wherein the determination of estimated net realizable value and specific identification involves technical judgments of the management which has been relied upon by us. Our opinion is not qualified in respect of this matter.*

## ***Other Matter***

We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets (net) of ₹ 116,07,47,464 as at March 31, 2013, total revenues of ₹ 117,50,82,405 and net cash inflows amounting to ₹ 95,14,442 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Sumant Sakhardande**  
Partner  
Membership No. 034828

**Mumbai: May 11, 2013**

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

**Sandeep Mundra**  
Partner  
Membership No. 075482

**Mumbai: May 11, 2013**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013**

	<u>Note</u>	<u>As at March 31, 2013 ₹</u>	<u>As at March 31, 2012 ₹</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	2	317,000,000	317,000,000
Reserves And Surplus	3	2,953,222,214	2,514,540,915
Money received against share warrants		-	-
		<b>3,270,222,214</b>	<b>2,831,540,915</b>
Minority Interest		1,110,251	976,796
<b>Non-Current Liabilities</b>			
Long-Term Borrowings		-	-
Long-Term Provisions	4	4,830,762	5,888,451
		<b>4,830,762</b>	<b>5,888,451</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	5	1,446,130,600	1,170,712,430
Trade Payables	6	2,002,947,069	1,435,852,255
Other Current Liabilities	7	17,359,469	111,784,780
Short-Term Provisions	8	68,764,941	51,584,796
		<b>3,535,202,079</b>	<b>2,769,934,261</b>
<b>Total</b>		<b>6,811,365,305</b>	<b>5,608,340,423</b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	132,603,277	74,915,807
Intangible Assets	9	1,537,272	1,567,561
Capital Work-In-Progress	9	-	66,841,420
Non-Current Investments		-	-
Deferred Tax Assets	10	6,805,115	5,803,847
Long-Term Loans and Advances	11	46,639,465	17,465,992
Other non-current assets		-	-
		<b>187,585,129</b>	<b>166,594,627</b>
<b>Current Assets</b>			
Current Investments	12	53,647,000	132,274,561
Inventories	13	1,634,379,379	1,442,413,072
Trade Receivables	14	4,729,630,823	3,660,426,042
Cash and Bank Balances	15	140,413,467	98,180,742
Short-Term Loans and Advances	16	55,139,050	87,717,467
Other Current Assets	17	10,570,457	20,733,912
		<b>6,623,780,176</b>	<b>5,441,745,796</b>
<b>Total</b>		<b>6,811,365,305</b>	<b>5,608,340,423</b>
<b>Significant Accounting Policies</b>	1		
<b>Other Notes on Financial Statements</b>	26 to 32		

As per our report of even date attached

For &amp; On behalf of the Board

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

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

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482

**SUMANT SAKHARDANDE**  
Partner  
M.No.: 034828

**NITIN GOENKA**  
Managing Director

Place - Mumbai  
Date - May 11, 2013

**KALPANA REGUNTA**  
Company Secretary



# GOENKA DIAMOND AND JEWELS LIMITED

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
<b>REVENUE</b>			
Revenue From Operations	18	8,424,883,463	5,719,276,325
Other Income	19	157,551,424	275,289,339
<b>Total</b>		<b>8,582,434,887</b>	<b>5,994,565,664</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	20	6,877,267,301	4,659,505,829
Purchases of Stock-In-Trade	21	1,089,689,058	729,320,472
Changes in Stock-In-Trade	22	(93,077,937)	121,304,171
Employee Benefits Expense	23	32,964,527	30,346,459
Finance Costs	24	101,496,799	88,616,748
Depreciation and Amortization Expense	9	12,099,780	13,086,395
Other Expenses	25	77,676,523	108,703,400
<b>Total</b>		<b>8,098,116,050</b>	<b>5,750,883,474</b>
<b>Profit Before Tax</b>		<b>484,318,836</b>	<b>243,682,190</b>
<b>Tax Expense:</b>			
(1) Current Tax (MAT)		40,423,896	31,961,967
(2) MAT Credit Entitlement		(31,000,000)	(2,500,000)
(2) Earlier Years Tax		283,107	445,771
(3) Deferred Tax Charges/(Credits)		(1,001,268)	(1,069,663)
		<b>8,705,735</b>	<b>28,838,075</b>
<b>Profit Before Minority Interest</b>		<b>475,613,101</b>	<b>214,844,115</b>
Minority Interest		(133,455)	(966,796)
<b>Profit for the Year</b>		<b>475,479,646</b>	<b>213,877,319</b>
<b>Earnings Per Share (FV ₹ 1/-Each - Refer Note No.29)</b>			
Basic / Diluted (₹)			
Before Extra-Ordinary Item		1.50	0.67
After Extra-Ordinary Item		1.50	0.67
<b>Significant Accounting Policies</b>	1		
<b>Other Notes on Financial Statements</b>	26 to 32		

As per our report of even date attached

For & On behalf of the Board

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

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

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482

**SUMANT SAKHARDANDE**  
Partner  
M.No.: 034828

**NITIN GOENKA**  
Managing Director

Place - Mumbai  
Date - May 11, 2013

**KALPANA REGUNTA**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

PARTICULARS	Year ended	Year ended
	March, 31 2013	March, 31 2012
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	484,318,836	243,682,190
Adjustment for		
Depreciation	12,099,780	13,086,395
Unrealised Exchange Difference	(39,100,773)	(19,126,862)
Foreign Currency Translation Reserve	289,067	464,730
Gratuity & Leave Liabilities	(1,057,689)	(2,259,017)
Decrease in Long Term Advances	(29,173,473)	-
Finance Charges Paid	101,496,799	88,616,748
Interest Income	(9,894,345)	(10,656,690)
Dividend Income	(9,062,238)	(4,633,068)
Profit on Redemption on Current Investments	-	8,758,130
<b>Operating Profit before Working Capital Changes</b>	<b>509,915,964</b>	<b>317,932,556</b>
Adjustment for		
Trade and other receivables(including loans and advances)	(960,005,832)	(939,405,610)
Inventories	(191,966,307)	(60,007,305)
Trade payable	542,681,198	66,990,102
Other Current Liabilities	(77,245,167)	209,066,819
<b>Cash generated from operations</b>	<b>(176,620,144)</b>	<b>(405,423,437)</b>
Income Tax Paid (Net)	(9,707,003)	(15,906,955)
Fringe Benefit Tax Paid	-	-
<b>Net cash from Operating Activities</b>	<b>(186,327,147)</b>	<b>(421,330,392)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,915,540)	(21,533,354)
Investment in Mutual Fund & Fixed deposits	79,902,061	133,677,390
Non-current Investments	-	-
Interest Income	9,894,345	10,656,690
Dividend Income	9,062,238	4,633,068
Profit on Redemption on Current Investments	-	(8,758,130)
<b>Net cash from investing activities</b>	<b>95,943,104</b>	<b>118,675,663</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Borrowings	272,475,483	463,438,466
Issue of Shares( including share premium thereon)	-	10,000
Share issue expenses	-	-
Interest & Bank Commission paid on Borrowings	(101,496,799)	(88,616,748)
Dividend Paid ( Including Dividend Distribution Tax )	(37,087,415)	(36,842,533)
<b>Net cash from financing activities</b>	<b>133,891,269</b>	<b>337,989,185</b>
Net increase in Cash and Cash equivalent (A+B+C)	43,507,226	35,334,459
Cash and Cash equivalent in the Opening balance	78,340,274	43,005,815
<b>Cash and Cash equivalent in the Closing balance</b>	<b>121,847,500</b>	<b>78,340,274</b>
<b>Note :</b>		
<b>Cash and cash equivalent include cash on hand, bank balance and cheques in hand.</b>		
<b>Closing Cash and Cash Equivalents as per books</b>		
<b>Total of Cash &amp; Cash Equivalents ( Refer Note No. 15)</b>	140,413,467	98,180,741
Fixed Deposit	18,565,967	19,763,650
<b>Cash and Cash equivalent in the Closing balance</b>	<b>121,847,500</b>	<b>78,417,091</b>
Cash in hand	228,301	647,397
Current Accounts	121,619,199	77,692,878
<b>Total</b>	<b>121,847,500</b>	<b>78,340,274</b>

As per our report of even date attached

For &amp; On behalf of the Board

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

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

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482

**SUMANT SAKHARDANDE**  
Partner  
M.No.: 034828

**NITIN GOENKA**  
Managing Director

Place - Mumbai  
Date - May 11, 2013

**KALPANA REGUNTA**  
Company Secretary





**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

**NOTES**

**1. Significant Accounting Policies for the period ending on March 31, 2013**

**A. Basis for Preparation of Consolidated Financial Accounts.**

- (a) The consolidated financial statements relates to **Goenka Diamond And Jewels Limited**, (‘the holding Company) and **‘M. B. Diamond LLC’** (Subsidiary), **Goenka Diamond & Jewels DMCC** (Subsidiary) and **Solitaire Diamond Exports** (a Partnership Firm) (together referred to as ‘GDJL Group’) and has been prepared in compliance with the applicable Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 (as amended) and relevant provision of the Companies Act, 1956.
- (b) The consolidated financial statement has been prepared under historical cost convention on an accrual basis.

**B. Principle of Consolidation.**

- (a) The entities considered in the consolidated financial statements are :

<b>Name of Entities</b>	<b>Country of Incorporation</b>	<b>Ownership Interest/ Voting Power</b>	<b>Financial Year Period</b>
M.B. Diamonds LLC	Russia	95%	April 12 to Mar 13
Goenka Diamond & Jewels DMCC	Dubai	100%	April 12 to Mar 13
Solitaire Diamond Exports	India	99%	April 12 to Mar 13

- (b) The Consolidated financial statement has been prepared on the following basis.
  - (i) The consolidated financial statements has been prepared in accordance with the Accounting Standard 21, -“Consolidated Financial Statements” as notified by the Companies (Accounting Standard) Rules, 2006 (as amended).
  - (ii) The financial statements of GDJL Group have been consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in un-realized profits or losses.
  - (iii) The consolidated financial statements has been prepared by using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as those of the parent company’s independent financial statements unless stated otherwise.
  - (iv) The operations of foreign subsidiary have been considered by the management, as non integral operations as described Accounting Standard – AS 11 (revised) “The Effects of Changes in Foreign Exchange Rates” as notified by the Companies (Accounting Standard) Rules, 2006 (as amended).
  - (v) The difference between the cost to the company of its investments in the subsidiary and its portion of equity of subsidiary at the date it became subsidiary is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. This is based upon determination of pre-acquisition profits/losses and of net worth on the date of acquisition determined by the management on the basis of certain estimates which have been relied upon by the auditors.
  - (vi) Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration;
    - The Minority’ share of movement in equity since the date parent-subsidiary relationship came into existence.
    - The Profits/loss attribute to the minority is adjusted against the income of the group in order to arrive at the net income attribute to the company.
  - (vii) As per requirement of AS-28 “Impairment of Assets” as notified by the Companies (Accounting Standard) Rules, 2006 (as amended), the management is of the opinion that there is no impairment of goodwill (on consolidation) except as provided in the financial statements.
  - (viii) All Employees’ related benefits including social security have been provided in accordance with the laws of the country in which the individual entity is operating.
  - (ix) The financial statements of M. B. Diamonds, LLC and Goenka Diamond & Jewels DMCC for the period April 2012 to March 2013 have been prepared & are audited as per the generally accepted principles (GAAP) of the country in which it operates, and the same is being considered for the purpose of consolidation.
  - (x) Other significant accounting policies are as set out in standalone financial statements of **Goenka Diamond and Jewels Limited**, to the extent applicable.

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****2 Share Capital**

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	Amount in ₹	Number	Amount in ₹
<b>Authorised Share Capital</b>				
Equity Shares of ₹ 1/- each fully paid up (P/Y ₹ 10/- per share fully paid up)	330,000,000	330,000,000	33,000,000	330,000,000
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 1/- each fully paid up (P/Y ₹ 10/- per share fully paid up)	317,000,000	317,000,000	31,700,000	317,000,000
		<u>317,000,000</u>		<u>317,000,000</u>

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

Particulars	As at March 31, 2013 Equity Shares		As at March 31, 2012 Equity Shares	
	Number	Amount in ₹	Number	Amount in ₹
Shares outstanding at the beginning of the year FV of ₹ 10/- each)	31,700,000	317,000,000	31,700,000	317,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year (During the year, shares subdivided from ₹ 10/- each to ₹ 1/- each)	317,000,000	317,000,000	31,700,000	317,000,000

c. The company has one class of equity shares having a par value of ₹1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of Shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held (basis : Face Value of ₹ 1/- per share)	% of Holding	No. of Shares held (basis : Face Value of ₹ 10/ per share)	% of Holding
<b>Equity Shares</b>				
NANDLAL GOENKA	98,550,000	31.09%	9,855,000	31.09%
NITIN GOENKA	40,976,250	12.93%	4,097,625	12.93%
NAVNEET GOENKA	39,153,750	12.35%	3,915,375	12.35%
NAND LAL GOENKA (HUF)	34,200,000	10.79%	3,420,000	10.79%

**Note :** The company's equity share had been subdivided and face value per share had been changed from ₹ 10/- per share to ₹ 1/- per share w.e.f. 29th Oct 2012.

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

	2012-13	2011-12	2010-11	2009-10	2008-09
<b>By Way of Bonus Shares</b> (adjusted for FV of ₹ 1/-)	-	-	-	104,202,000	-



# GOENKA DIAMOND AND JEWELS LIMITED

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 3 Reserves & Surplus

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
<b>A. Securities Premium Account :</b>				
Opening Balance	1,088,507,042		1,088,507,042	
Add: Security premium credited on share issue	-		-	
	<u>1,088,507,042</u>		<u>1,088,507,042</u>	
Less: Premium utilised against share issue expenses	-		-	
		<b>1,088,507,042</b>		<b>1,088,507,042</b>
<b>B. General Reserve:</b>				
Opening Balance	9,908,000		9,908,000	
Add: Transferred from Profit and Loss Account	-		-	
	<u>9,908,000</u>		<u>9,908,000</u>	
Less: Transfer	-		-	
		<b>9,908,000</b>		<b>9,908,000</b>
<b>C. Surplus/ (Deficit)</b>				
Opening balance	1,414,946,837		1,237,912,051	
Add:				
Net Profit For the current year	475,479,646		213,877,319	
	<u>1,890,426,483</u>		<u>1,451,789,370</u>	
<b>Less:Appropriation</b>				
Proposed Dividend	31,700,000		31,700,000	
Tax on Proposed Dividend	5,387,415		5,142,533	
	<u>37,087,415</u>		<u>36,842,533</u>	
Surplus/ (Deficit)		<b>1,853,339,068</b>		<b>1,414,946,837</b>
<b>D. Foreign Currency Translation Reserve</b>				
Opening balance	1,179,036		714,306	
Add: Addition during the year	289,067		464,730	
	<u>1,468,103</u>		<u>1,179,036</u>	
Less: Transfer	-		-	
		<b>1,468,103</b>		<b>1,179,036</b>
		<b><u>2,953,222,214</u></b>		<b><u>2,514,540,915</u></b>

### NON CURRENT LIABILITIES

#### 4 Long Term Provisions

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
<b>Provision For Employee Benefits:</b>				
Provision for Gratuity	4,593,362		5,737,330	
Provision for Compensated Absences	237,400	4,830,762	151,121	5,888,451
		<u>4,830,762</u>		<u>5,888,451</u>

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****5 Short Term Borrowings**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
	₹	₹	₹	₹
<b>Secured:</b>				
<b>Loan Repayable on demand from Banks</b>				
Pre-shipment Credit		537,896,643		503,746,550
Post-shipment Credit		<u>907,014,418</u>		<u>666,965,880</u>
		1,444,911,061		1,170,712,430
<b>Unsecured:</b>				
From Others		<u>1,219,539</u>		-
		<u><b>1,446,130,600</b></u>		<u><b>1,170,712,430</b></u>

**Nature of Security**

Working Capital Facilities are secured by:

- i) First pari passu charge on all tangible and intangible assets including current assets viz., stock of raw materials, work in progress and finished goods.
- ii) Further secured, on pari-passu basis: -
  - a. Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director, Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai and Factory land and building at surat
  - b. Personal Guarantees of all Promoter Directors of the Company.

**6 Trade Payables**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
	₹		₹	
Sundry Creditors		2,002,947,069		1,435,852,255
		<u><b>2,002,947,069</b></u>		<u><b>1,435,852,255</b></u>

**7 Other Current Liabilities**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
	₹		₹	
Interest accrued but not due on borrowing		231,885		375,163
Unclaimed Dividend*		89,771		76,817
Employee benefit payables		3,235,433		2,762,871
Statutory Dues( including PF, TDS etc.)		1,068,215		1,015,728
Creditor for Capital goods		1,115,000		1,115,000
Due to director's in current account		773,933		3,092,731
Other Payables#		10,845,232		103,346,470
		<u><b>17,359,469</b></u>		<u><b>111,784,780</b></u>

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

# Includes NIL (Previous year ₹ 9,38,81,677/-) liabilities of outstanding foreign currency forward contracts arising on account of re-statement at closing rate.



CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

8 Short Term Provisions

Provision for employee benefits:	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Provision for Gratuity	4,095,944		1,173,330	
Provision for Compensated Absences	99,370	4,195,314	21,395	1,194,725
Proposed Dividend		31,700,000		31,700,000
Tax on Proposed Dividend		5,387,415		5,142,533
Provision for Taxation (Net of Advance Tax)		27,482,212		13,547,538
		<b>68,764,941</b>		<b>51,584,796</b>

NOTES 9 - FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2012	Addition during the period	Deductions during the year	Total as on 31.03.2013	Upto 01.04.2012	Provided during the period	Adj.for deductions	Total upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
<b>a.</b>	<b>Tangible Assets</b>										
1	Leasehold Factory land	4,241,000	-	-	4,241,000	1,290,500	232,567	-	1,523,067	2,717,933	2,950,500
2	Leasehold land	-	66,841,420	-	66,841,420	-	2,228,047	-	2,228,047	64,613,373	-
3	Buildings	70,926,760	-	-	70,926,760	25,283,691	3,293,814	-	28,577,505	42,349,255	45,643,069
4	Plant & Machinery	15,330,092	-	-	15,330,092	5,561,378	1,358,828	-	6,920,206	8,409,886	9,768,714
5	Electric Installation	2,298,099	-	-	2,298,099	907,645	192,986	-	1,100,631	1,197,468	1,390,454
6	Furniture & Fixtures	10,764,338	1,895,491	-	12,659,829	6,851,306	828,017	-	7,679,323	4,980,506	3,913,032
7	Office Equipment	5,317,779	843,955	-	6,161,734	1,874,993	536,248	-	2,411,241	3,750,493	3,442,786
8	Vehicle	11,280,229	-	-	11,280,229	8,838,209	632,240	-	9,470,449	1,809,780	2,442,020
9	Computers	7,161,706	176,094	-	7,337,800	3,640,783	1,464,870	-	5,105,653	2,232,147	3,520,923
10	Improvement on Leasehold Assets	14,613,893	-	-	14,613,893	12,769,583	1,301,873	-	14,071,456	542,437	1,844,307
<b>b.</b>	<b>Intangible Assets</b>										
1	Computer Software	863,910	-	-	863,910	824,410	30,289	-	854,699	9,211	39,500
2	Goodwill on Consolidation	1,528,061	-	-	1,528,061	-	-	-	-	1,528,061	1,528,061
<b>c.</b>	<b>Capital Work in Progress</b>										
	Capital Work in Progress	66,841,420	-	66,841,420	-	-	-	-	-	-	66,841,420
	<b>Total</b>	<b>211,167,287</b>	<b>69,756,960</b>	<b>66,841,420</b>	<b>214,082,827</b>	<b>67,842,498</b>	<b>12,099,780</b>	<b>-</b>	<b>79,942,278</b>	<b>134,140,549</b>	<b>143,324,786</b>
	<b>Total for Previous year</b>	<b>190,563,790</b>	<b>25,351,454</b>	<b>4,747,957</b>	<b>211,167,287</b>	<b>55,685,965</b>	<b>13,086,395</b>	<b>929,861</b>	<b>67,842,499</b>	<b>143,324,788</b>	<b>134,877,825</b>

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.

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****10 Deferred Tax Assets**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
	₹	₹	₹	₹
<b>Deferred Tax Assets</b>				
On account of Gratuity & Compensated Absences	3,067,963		2,298,136	
On account of Depreciation	3,737,152	6,805,115	3,505,711	5,803,847
		<u>6,805,115</u>		<u>5,803,847</u>

Net deferred tax charge/(credit) for the year of ₹ (10,01,268) (Previous year ₹ (10,69,663) has been recognized in the Statement of Profit and Loss for the year.

**11 Long Term Loans And Advances****(Unsecured and considered good, unless otherwise stated)**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
	₹	₹	₹	₹
Capital Advances	1,100,000		1,100,000	
Security Deposits #	12,039,465		13,865,992	
MAT Credit Entitlement	33,500,000		2,500,000	
		<u>46,639,465</u>		<u>17,465,992</u>

# include ₹ 2,00,000/- (P/Y ₹ 2,00,000/-) security deposit given to Chairman, Managing Director and their relatives.

**CURRENT ASSETS****12 Current Investments****(At lower of Cost and Market Price)**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2013</b>		<b>March 31, 2012</b>	
	Number	Amount	Number	Amount
<b>a. Investment in Bonds (Quoted)</b>				
8.15% Indian Railway Finance Corporation Ltd.	2,175	2,175,000	2,175	2,175,000
8.20% National Highways Authority of India	2,472	2,472,000	2,472	2,472,000
<b>b. Investment in Optional Convertible Debenture</b>				
Gem Gold Mining Pvt. Ltd.	490,000	49,000,000		-
<b>c. Investment in Mutual Funds (Quoted)</b>				
IDFC Money ManagerFund	-	-	466,085	5,000,000
ICICI Prudential Flexible Income Plan Premium - Div	-	-	64,922	6,864,561
ICICI Pru Interval Fund-II Qtrly Interval Plan-Div.	-	-	5,784,606	57,850,000
JM Financial Mutual Fund-Dividend	-	-	512,323	5,126,717
L & T Select Income Fund - Flexi Debt Inst- Growth	-	-	1,420,315	16,708,389
L & T Select Income Fund Flexi Debt Plan - Dividend	-	-	1,535,082	15,977,596
Reliance Liquid Fund-Treasury Plan-Daily Dividend	-	-	1,314,828	20,100,298
		<u>53,647,000</u>		<u>132,274,561</u>



# GOENKA DIAMOND AND JEWELS LIMITED

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

12 Current Investments (Contd.) (At lower of Cost and Market Price)	As at March 31, 2013		As at March 31, 2012	
	Number	Amount in ₹	Number	Amount in ₹
<b>c Notes:-</b>				
1. Aggregate amount of Quoted Investment		4,647,000		132,274,561
2. Market value of Quoted Investment		5,028,849		133,671,496
3. Aggregate amount of Non Quoted Investment		49,000,000		-
4. Aggregate amount of provision for diminution in value of Investment		-		-
<b>13 INVENTORIES (Cost &amp; Market Price whichever is lower) (As taken, valued and certified by the Management)</b>		<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>
		₹		₹
Raw Materials		1,016,180,535		841,062,023
Stock in Process		82,650,367		158,880,509
Finished Goods		535,548,477		442,470,540
		<u>1,634,379,379</u>		<u>1,442,413,072</u>
<b>14 Trade Receivables (Unsecured and considered good unless otherwise stated)</b>		<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>
		₹		₹
Outstanding for more than Six Months from the date they are due for payments		366,921,068		240,019,119
Others		4,362,709,755		3,420,406,923
		<u>4,729,630,823</u>		<u>3,660,426,042</u>
<b>15 Cash And Bank Balances</b>		<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>
		₹		₹
<b>Cash &amp; Cash Equivalent</b>				
Balance with Banks		121,619,199		77,692,878
Cash on hand		228,301		647,397
<b>Total (A)</b>		<u>121,847,500</u>		<u>78,340,275</u>
<b>Other Bank Balance</b>				
(a) Unpaid Dividend Account		89,771		76,817
<b>(b) Bank Deposits</b>				
Pledged*	18,466,196		19,753,650	
Non Pledged	10,000	18,476,196	10,000	19,763,650
<b>Total (B)</b>		<u>18,565,967</u>		<u>19,840,467</u>
<b>Total (A+B)</b>		<u>140,413,467</u>		<u>98,180,742</u>

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

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

16 Short Term Loans And Advances (Unsecured and considered good unless otherwise stated)	As at <u>March 31, 2013</u>		As at <u>March 31, 2012</u>	
	₹	₹	₹	₹
Advance To Staff		76,174		169,070
Advance To Suppliers		40,773,587		755,147
Inter-corporate deposit		-		50,000,000
Prepaid Expenses		10,027,290		7,752,921
Balances with Tax Authorities		1,879,394		25,555,938
<b>Others</b>				
-Considered Good #	2,382,605		3,484,391	
-Considered Doubtful	835,000		835,000	
	<u>3,217,605</u>		<u>4,319,391</u>	
Less - Provided for	835,000	2,382,605	835,000	3,484,391
		<u>55,139,050</u>		<u>87,717,467</u>

# Includes ₹ 180,114/- (P/Y "NIL") given as advance to an enterprise in which directors are interested.

17 Other Current Assets	As at <u>March 31, 2013</u>		As at <u>March 31, 2012</u>	
	₹	₹	₹	₹
Interest Accrued on deposits / debentures		4,672,713		689,363
Others		5,897,744		20,044,549
		<u>10,570,457</u>		<u>20,733,912</u>

18 Revenue From Operations	Year ended <u>March 31, 2013</u>		Year ended <u>March 31, 2012</u>	
	₹	₹	₹	₹
<b>Sale of Products:</b>				
Export Sales	5,002,377,603		3,983,730,618	
Domestic Sales	3,422,505,860		1,735,545,707	
	<u>8,424,883,463</u>		<u>5,719,276,325</u>	

19 Other Income	Year ended <u>March 31, 2013</u>		Year ended <u>March 31, 2012</u>	
	₹	₹	₹	₹
Interest	9,894,345		10,656,690	
Dividend	9,062,238		13,391,198	
Liability No Longer required	208,523		3,793,590	
Forward Contract Premium	-		15,864,823	
Other Income	81,053		146,156	
Profit on Sale of Fixed Assets	-		216,519	
Exchange Fluctuation (Net)	138,305,265		231,220,362	
	<u>157,551,424</u>		<u>275,289,339</u>	





# GOENKA DIAMOND AND JEWELS LIMITED

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### 20 Cost of Material Consumed

	<u>Year ended</u> <u>March 31, 2013</u>		<u>Year ended</u> <u>March 31, 2012</u>	
	₹	₹	₹	₹
<b>Materials Consumed</b>				
Opening Raw Material / Material-in-process	999,942,532		818,631,056	
Add: Purchases	6,976,155,671		4,840,817,305	
	<u>7,976,098,203</u>		<u>5,659,448,361</u>	
Less: Closing Raw Material / Material-in-process	1,098,830,902	6,877,267,301	999,942,532	4,659,505,829
		<u>6,877,267,301</u>		<u>4,659,505,829</u>

### 21 Purchases of Stock-In-Trade

	<u>Year ended</u> <u>March 31, 2013</u>		<u>Year ended</u> <u>March 31, 2012</u>	
	₹	₹	₹	₹
Purchases of Finished Goods		1,089,689,058		729,320,472
		<u>1,089,689,058</u>		<u>729,320,472</u>

### 22 Changes In Stock-In-Trade Decrease/(Increase) of Stock-in-Trade consists of

	<u>Year ended</u> <u>March 31, 2013</u>		<u>Year ended</u> <u>March 31, 2012</u>	
	₹	₹	₹	₹
<b>Finished Goods:</b>				
<b>Opening Stocks</b>				
Finished Goods	442,470,540		563,774,711	
	<u>442,470,540</u>		<u>563,774,711</u>	
<b>Less: Closing Stocks</b>				
Finished Goods	535,548,477		442,470,540	
	<u>535,548,477</u>		<u>442,470,540</u>	
		<u>(93,077,937)</u>		<u>121,304,171</u>

### 23 Employees Benefit Expense

	<u>Year ended</u> <u>March 31, 2013</u>		<u>Year ended</u> <u>March 31, 2012</u>	
	₹	₹	₹	₹
Salaries, Wages, Bonus etc.	30,192,907		27,526,668	
Contributions to Provident and Other Funds	2,141,255		2,109,171	
Staff Welfare Expenses	630,365		710,620	
	<u>32,964,527</u>		<u>30,346,459</u>	

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**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**
**24 Financial Cost**

	Year ended <u>March 31, 2013</u>	Year ended <u>March 31, 2012</u>
	₹	₹
<b>Interest</b>		
- On Working Capital Facilities	72,559,532	65,635,694
- Other Finance Charges	28,937,267	22,981,054
	<u>101,496,799</u>	<u>88,616,748</u>

**25 Other Expenses****a. Manufacturing Expenses**

	Year ended <u>March 31, 2013</u>		Year ended <u>March 31, 2012</u>	
	₹	₹	₹	₹
Electricity & Water expenses		232,761		444,426
Factory Rent		2,038,842		2,095,308
Misc Factory Expenses		2,343,425		28,929,754
Factory Repair & Maintenance		147,777		107,100
		<u>4,762,805</u>		<u>31,576,588</u>

**b. Administrative & Selling Expenses**

Rent, Rates and Taxes		10,718,882		10,902,204
Water & Electricity		1,879,112		1,771,212
Insurance		1,430,950		1,378,083
Travelling and Conveyance		8,171,981		7,559,115
Legal and Professional		5,654,024		6,441,271
Postage and Telephone		1,713,283		1,642,041
Printing and Stationery		657,715		698,252
Advertisement and Business Promotion		7,785,763		11,740,769
Brokerage and Commission		470,922		1,088,551
Directors' Remuneration		15,600,000		15,600,000
Director's Sitting Fees		483,148		150,000
Misc. Expenses		7,446,829		4,927,151
Vehicle Running & Maintenance		662,140		981,851
Repair & Maintenance		1,524,568		2,593,077
Export and Selling Expenses		2,647,573		1,773,432
Diamond Certification Charges		2,112,876		2,747,785
Exhibition Expenses		2,621,180		3,896,661
<b>Auditors' Remuneration</b>				
- Statuary Audit Fees	898,880		941,880	
- Taxation Matters	84,371		28,090	
- for Other services	331,555		248,177	
- Reimbursement Of Expenses	17,966	1,332,772	17,210	1,235,357
		<u>72,913,718</u>		<u>77,126,812</u>
<b>Total Other Expenses</b>		<u>77,676,523</u>		<u>108,703,400</u>

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****26 Movement in Minority Interest**

Particular	Minority Interest as at Opening	Addition during the year	Deduction during the year	Minority Interest as at end of the year
M.B. Diamond LLC	191,531	16,254	-	207,785
Solitaire Diamond Exports	785,265	117,201	-	902,466
<b>Total</b>	<b>976,796</b>	<b>133,455</b>	<b>-</b>	<b>1,110,251</b>

- 27 During the previous year 2011-12, the Company had the practice of recording all import and export transactions at the rate declared by the Customs department every month. Due to high volatility in the rates of USD during that year, there had been substantial differences in the Customs declared rate and the general rates prevailing on the date of the transactions. Had each of the import and export transactions been recorded at the RBI reference rate on the date of the transaction, the foreign exchange gain would have been lower by ₹ 6,03,77,480/- and normal trading profits would have been higher by the same amount.

**28 Related Party Disclosures:****A. List of related parties and relationships:****Enterprises in which Key management personnel are interested :**

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

**Key Management Personnel (KMP):**

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

**Relative of Key Management Personnel**

1. Smt. Namita Jain (Daughter of Sh Nandlal Goenka)
2. Smt. Neeta Saraf (Daughter of Sh Nandlal Goenka)
3. Smt. Nirmala Goenka (Wife of Sh Nandlal Goenka)
4. Smt. Bhawna Goenka (Wife of Sh Navneet Goenka)
5. Smt. Dhriti Goenka (Wife of Sh Nitin Goenka)

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**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**
**B. Related Party Transactions**

Nature of Transactions	Key Managerial Personnel		Relative of Key Managerial Personnel		Others	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>(i) Transactions During the year</b>						
<b>a. Rent Paid</b>						
1. Nandlal Goenka	990,000	990,000	-	-	-	-
2. Navneet Goenka	-	675,000	-	-	-	-
3. Nitin Goenka	900,000	900,000	-	-	-	-
4. Bhawna Goenka	-	-	300,000	75,000	-	-
5. Nirmala Goenka	-	-	300,000	75,000	-	-
<b>b. Remuneration #</b>						
1. Nandlal Goenka	6,000,000	6,000,000	-	-	-	-
2. Navneet Goenka	4,800,000	4,800,000	-	-	-	-
3. Nitin Goenka	4,800,000	4,800,000	-	-	-	-
<b>c. Perquisites</b>						
1. Navneet Goenka	687,600	710,160	-	-	-	-
2. Others	79,200	79,200	-	-	-	-
<b>d. Dividend Paid</b>						
1. Nandlal Goenka	9,855,000	9,855,000	-	-	-	-
2. Navneet Goenka	3,915,375	3,915,375	-	-	-	-
3. Nitin Goenka	4,097,625	4,097,625	-	-	-	-
4. Others	-	-	1,054,800	1,054,800	3,420,000	3,420,000
<b>(ii) Balances as at 31.03.13</b>						
<b>a. Security Deposits</b>						
1. Nandlal Goenka	50,000	50,000	-	-	-	-
2. Nitin Goenka	50,000	50,000	-	-	-	-
3. Bhawna Goenka	-	-	50,000	50,000	-	-
4. Nirmala Goenka	-	-	50,000	50,000	-	-
<b>b. Credit Balance of following parties</b>						
1. Nandlal Goenka	227,974	2,027,416	-	-	-	-
2. Navneet Goenka	44,223	366,985	-	-	-	-
3. Nitin Goenka	501,736	676,025	-	-	-	-
4. Bhawna Goenka	-	-	152,500	117,500	-	-
5. Nirmala Goenka	-	-	152,500	117,500	-	-
<b>c. Investment</b>						
Gem Gold Mining Pvt. Ltd	-	-	-	-	49,000,000	-

# As liability for gratuity and compensated expenses are computed for all the employees in aggregate, the amounts relating to the Key Management Personnel cannot be individually identified



## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

29	Earnings Per Share (EPS) #	Year ended	Year ended
		March 31, 2013	March 31, 2012
		₹	₹
a.	Profit after Tax (₹)	475,479,646	213,877,319
	- Before Exceptional Item	-	-
	- After Exceptional Item	-	-
b.	Dividend on Preference Shares (₹)	-	-
c.	<b>Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹) (a-b)</b>	<b>475,479,646</b>	<b>213,877,319</b>
d.	Weighted average number of Equity shares Outstanding during the year for basic EPS ( After adjustment for sub-division of shares during current financial year )	317,000,000	317,000,000
e.	Weighted average number of Equity Shares outstanding during the year for Diluted EPS ( After adjustment for sub-division of shares during current financial year )	317,000,000	317,000,000
f.	<b>Basic &amp; Diluted Earnings Per Share</b>		
	- Before Exceptional Item	1.50	0.67
	- After Exceptional Item	1.50	0.67
g.	<b>Diluted Earnings Per Share</b>		
	- Before Exceptional Item	1.50	0.67
	- After Exceptional Item	1.50	0.67

# The Company has sub divided its equity share from ₹ 10/- each to ₹ 1/- w.e.f. 29<sup>th</sup> October, 2012 and the same has been adjusted for previous financial year.

### 30 Segment Reporting

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

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### A) Primary Segment : Business Segment

Particulars	As at March 31, 2013				As at March 31, 2012			
	Diamond & Gems	Jewellery	Unallocable	Consolidated Total	Diamond & Gems	Jewellery	Unallocable	Total
<b>Primary Segment (by Product)</b>								
<b>Revenue</b>								
Segment Revenue	5,182,029,900	3,242,853,563	-	<b>8,424,883,463</b>	4,281,274,753	1,438,001,572	-	<b>5,719,276,325</b>
<b>Results</b>								
Segment Results	322,360,635	285,912,147	-	608,272,782	223,639,515	89,077,402	-	312,716,917
<b>Operating Profit</b>				<b>608,272,780</b>				<b>312,716,917</b>
Other Income				19,266,526				44,068,976
Unallocable Expenses				(41,829,296)				(47,468,009)
Interest Expenses				(101,391,174)				(65,635,694)
<b>Net Profit before tax.</b>				<b>484,318,836</b>				<b>243,682,190</b>
<b>Segment Assets</b>	<b>4,910,006,397</b>	<b>1,677,754,281</b>	<b>223,604,632</b>	<b>6,811,365,310</b>	<b>4,211,970,482</b>	<b>1,091,446,875</b>	<b>304,923,066</b>	<b>5,608,340,423</b>
<b>Segment Liabilities</b>	<b>2,976,954,200</b>	<b>490,576,599</b>	<b>73,612,292</b>	<b>3,541,143,091</b>	<b>1,469,301,993</b>	<b>73,820,501</b>	<b>1,233,677,013</b>	<b>2,776,799,508</b>
<b>Net Capital Employed</b>	<b>1,933,052,197</b>	<b>1,187,177,682</b>	<b>149,992,340</b>	<b>3,270,222,219</b>	<b>2,742,668,489</b>	<b>1,017,626,374</b>	<b>(928,753,947)</b>	<b>2,831,540,915</b>

### B) Secondary Segment : Geographical Segment

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Revenue	2,279,281,619	6,145,601,844	8,424,883,463	1,714,349,788	4,004,926,537	5,719,276,325
Segments Assets	1,975,068,376	4,836,296,934	6,811,365,310	2,075,495,205	3,532,845,218	5,608,340,425

### 31 Contingent Liabilities & Commitments

#### Capital Commitment:

Estimated amount of contracts remaining to be Executed and not provided for

	Year ended March 31, 2013	Year ended March 31, 2012
₹	₹	₹
5,618,000	5,618,000	5,618,000

32 Previous year's figures have been regrouped or rearranged wherever necessary.

As per our report of even date attached

For & On behalf of the Board

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

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

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482

**SUMANT SAKHARDANDE**  
Partner  
M.No.: 034828

**NITIN GOENKA**  
Managing Director

**Place - Mumbai**  
**Date - May 11, 2013**

**KALPANA REGUNTA**  
Company Secretary



# GOENKA DIAMOND AND JEWELS LIMITED

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANY

Name of Subsidiary Company	M. B. Diamonds LLC		Goenka Diamond & Jewels DMCC	
	INR	ROUBLES	INR	USD
Reporting Currency				
Capital	16,989	10,000	744,414	13,624
Reserves	5,262,343	3,008,313	267,423,248	4,916,898
Total Assets	27,667,694	15,818,246	682,284,737	12,544,466
Total Liabilities	27,667,694	15,818,246	682,284,737	12,544,466
Investments	-	-	-	-
Turnover / Total Income	19,006,616	10,908,296	1,143,224,241	21,105,409
Profit Before Taxation	460,802	264,464	267,095,745	4,916,898
Provision for Taxation	135,720	77,594	-	-
Profit After Taxation	325,082	186,870	267,095,745	4,916,898
Proposed Dividend	-	-	-	-
Country	RUSSIA		DUBAI	
Notes				
As on March 31, 2013 :	1 Rouble = Rs. 1.7491		1 USD = Rs. 54.3893	

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

**NAVNEET GOENKA**  
Vice Chairman & Managing Director

**NITIN GOENKA**  
Managing Director

Place - Mumbai  
Date - May 11, 2013











## GOENKA DIAMOND AND JEWELS LIMITED

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

### ATTENDANCE SLIP

Annual General Meeting 2012-2013

I hereby record my presence at the Twenty Third Annual General Meeting of the Company at Hotel Country Inn & Suites by Carlson, Banquet Hall, Khasa Kothi Circle, M. I. Road, Jaipur 302 001 on Friday, September 27, 2013 at 11.00 a.m.

Full Name of the Shareholder (in Block Letters)

Signature

Folio No./DP ID & Client ID

No. of Shares held

(Full Name of the Proxy (in block letters)

Signature

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



## GOENKA DIAMOND AND JEWELS LIMITED

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

### PROXY FORM

Annual General Meeting 2012-2013

Folio No \_\_\_\_\_

DP ID No \_\_\_\_\_

Client Id \_\_\_\_\_

I/We, \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/ members of the above named  
Company hereby appoint Mr./Ms./Kum \_\_\_\_\_ in  
the district of \_\_\_\_\_ as my / our Proxy to attend  
and vote for me/ us on my/ our behalf at the Twenty Third Annual General Meeting of the Company to be held at Hotel Country  
Inn & Suites by Carlson, Banquet Hall, Khasa Kothi Circle, M. I. Road, Jaipur 302 001 on Friday, September 27, 2013 at 11.00  
a.m. and at any adjournment thereof .

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013

Address \_\_\_\_\_

Member's Signature \_\_\_\_\_

Affix  
₹ 1  
Revenue  
Stamp

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



'COLUMBIAN PRIDE' EARRINGS



**CERES**

THE HOUSE OF GOENKA

# PEOPLE

Our skilled cutters, polishers, sorters and quality control staff at work at our diamond manufacturing units.



Our skilled craftsmen creating fine jewellery at our jewellery manufacturing unit.





*The Sultana  
Collection*

Price available on request

**CERES**

THE HOUSE OF GOENKA

# SOLITAIRE LAYOUTS

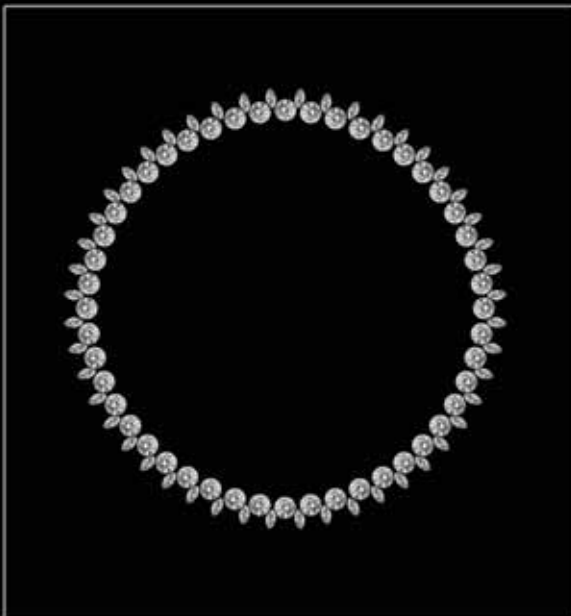
We manufacture and assort Graduating layouts For necklaces, necklace Sets, Bangles, bracelets, earrings, Rings, etc. With closely matching Diamonds For Sales to B2B Clients as well as B2C Customers



MARQUISE & ROUNDS



MARQUISE & PEARS



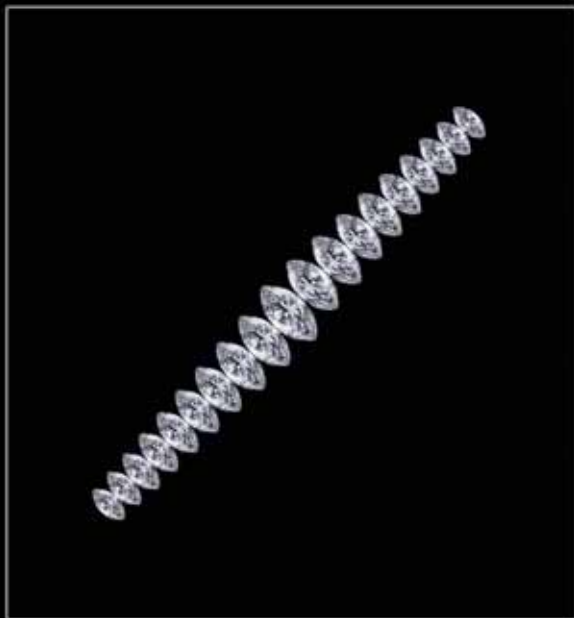
MARQUISE & ROUNDS



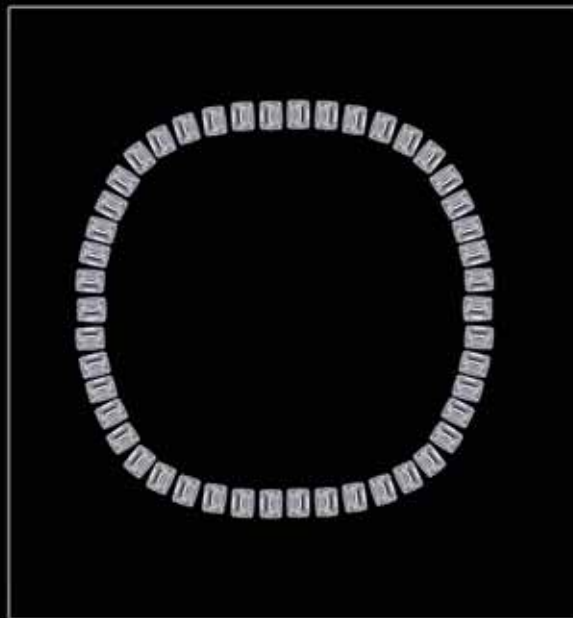
ROUNDS & OVALS



# SOLITAIRE LAYOUTS



MARQUISE



EMERALD CUT



ROUND BRILLIANT



RADIANT CUT



**PEAR**



**OVAL**



**EMERALD**



**TRIANGLE**



**HEART**



**ROUND**

MANUFACTURER OF  
**LARGE DIAMONDS**

FROM 1.00CT - 20.00CT & UP

GIA & IGI Certified Diamonds



**CERES**

THE HOUSE OF GOENKA



**FULLY INTEGRATED BUSINESS MODEL**  
**MANAGED THROUGH OUR CUSTOMISED ERP SYSTEM**

**DIAMOND CUTTING UNITS**

- RUSSIA
- MUMBAI
- SURAT

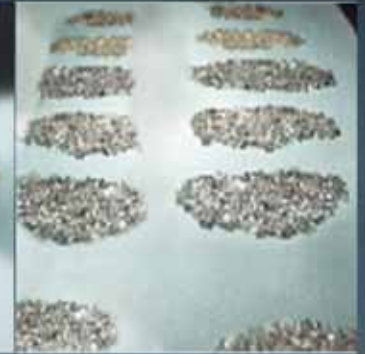
**JEWELLERY PROCESSING UNIT**

- MUMBAI

ROUGH DIAMONDS



ROUGH DIAMOND ASSORTMENT



DIAMOND PROCESSING UNIT



POLISHED DIAMOND ASSORTMENT



POLISHED DIAMONDS



JEWELLERY PROCESSING UNIT



RETAIL BOUTIQUES



# Goenka Diamond & Jewels Limited

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

[www.goenkadiamonds.com](http://www.goenkadiamonds.com)