



GOENKA DIAMOND AND JEWELS LIMITED

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Brief profile of our Directors



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

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



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

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



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

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



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

of responsibility such as advisor to Unit Trust of India, director of the supervisory board of the National Bank of Agriculture and Rural Development, trustee of Lilavati Hospital.



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

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



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

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

21st Annual Report 2010-2011

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of **GOENKA DIAMOND AND JEWELS LIMITED** ('the Company') will be held on Friday, 30th September, 2011 at 10.30 a.m. at ""Hotel Park Prime", Orchid Hall, C-59, Prithviraj Road, C-Scheme, Jaipur - 302001 to transact the following businesses:

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March 2011, Profit and Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a director in place of Mr. S. N. Sharma, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Dr. A. C. Shah, 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(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT in supersession of the ordinary resolution adopted at the Extra Ordinary General Meeting held on 15th April, 2008 and pursuant to the provisions of Section 293 (1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to borrow by way of debentures and/or debt instruments and/or securities and/or any other mode, any sum or sums of money from time to time, at its discretion either from the Company's bankers or any other banks, financial institutions or any other lending institutions or companies or other persons with or without security and on such terms and conditions as they may think fit notwithstanding that the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount so borrowed by the Company shall not exceed the sum of ₹ 300 Crores (Rupees Three Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to execute all such documents and agreements and to take such other steps and do all such acts, matters, deeds and things as may be necessary or desirable to give effect to this resolution."

RESOLVED FURTHER THAT any Director of the Company or Company Secretary of the Company be and is hereby authorized to give certified true copy of the resolution wherever required"

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

Utilisation of IPO Proceeds

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable rules, regulations, guidelines and other statutory provisions for the time being in force, approval of the Members of the Company be and is hereby accorded and the Board of Directors (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), be and is hereby authorized to vary the terms referred to in the Company's Prospectus dated April 01, 2010 filed by the Company with the Registrar of Companies, Rajasthan, Jaipur ("**the Prospectus**") including to vary and / or revise the utilization of the proceeds from the Initial Public Offering ("**IPO**") of equity shares made in pursuance of the said Prospectus and to utilize the proceeds from the IPO for purposes and in proportions other than those mentioned in the Prospectus



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RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, deal with such matters, take necessary steps in the matter as the Board may in its absolute discretion deem necessary, desirable or expedient and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution.”

Registered office:

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

**By Order of the Board of Directors of
Goenka Diamond and Jewels Limited**

Hemangi Patil
Company Secretary

Date: 24th May, 2011

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, 23rd September, 2011 to Friday, 30th September, 2011 (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).

Registered office:

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

By Order of the Board of Directors

Hemangi Patil
Company Secretary

Date: 24th May, 2011

ANNEXURE TO NOTICE

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

Item No.6:

By an Ordinary Resolution passed at the Extraordinary General Meeting held on the 15th April 2008 the Board of Directors was authorized to borrow monies for the purposes of the business of the company up to a sum of Rs 150 Crores in the aggregate (other than temporary loans obtained from the Company's bankers in the ordinary course of business).

The Directors wish to inform that the Company is establishing a chain of retail stores for its brand G Wild and Ceres and is looking to enter into new territories and geographies for increasing its export market. In view of the requirement of sufficient funds for existing and the future expansion plans being undertaken by the Company, it is proposed to increase the borrowing powers of the Board of Directors to ₹ 300 Crores (Rupees Three Hundred Crores only) (exclusive of the temporary loans obtained from the company's bankers in the ordinary course of business) referred to in the resolution under item No.6 of the Notice.

In accordance with the provisions of Section 293(1)(d) of the Companies Act 1956 approval of the shareholders is required for such increase.

The Board of Directors recommends passing of the resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No.7:

The members at the Annual General Meeting of the Company held on July 31, 2009 had approved the Initial Public offer ("IPO") of the equity shares of the Company. Accordingly, the Company had made the IPO through 100% book building route pursuant to Prospectus dated April 01, 2010 ("Prospectus"). The said IPO opened for subscription on March 23, 2010 and closed on March 26, 2010. Pursuant to the IPO, the Company had allotted 93,71,000 equity shares of ₹ 10/- each of the Company for cash, which were issued at a price of ₹ 135/- per equity share (including a share premium of ₹125/- per equity share) aggregating in all to ₹ 126.51 Crores.

The IPO of the Company was planned with certain objects, as more particularly stated and described under section titled "Objects of the Issue" on page 36 of the Prospectus, as were considered appropriate and necessary by the management at that point of time and as detailed hereunder:-

S. No.	Particulars of expenditure	Amount (₹ in lakhs)
1.	Establishment of <i>G WILD</i> Stores	516.72
2.	Establishment of <i>CERES</i> Stores	213.02
3.	Working capital requirement for jewellery business	8,459.96
4.	Establishment of jewellery manufacturing facility	384.36
5.	Establishment of diamond processing facility	329.23
6.	Investment in our Subsidiary	2,500.00
7.	General Corporate purposes	0.00
	Total	12403.29

As disclosed in the Prospectus, the fund requirements and deployment schedules set out therein were dependent on several factors which were not within the control of the Company's management. This necessitates a revision in the planned expenditure and deployment schedule for the projects identified for using the proceeds of the IPO.

In view of the highly competitive and dynamic nature of the industry in which the Company operates and due to changing requirements of the company, the management has proposed inter-se reallocation of the utilization of proceeds of the issue, which is as under:-



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(₹ in Lacs)

Amount received from IPO		12650.85	12650.85
Sr. No.	Particulars of proposed reallocated expenditure amount	Proposed	Actual
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	251.65
2.	Funding to subsidiaries and such entities by way of equity, capital, loans and advances or in any other manner	2000.00	315.19
3.	Working Capital Requirement for business	8459.96	8459.96
4.	General Corporate Purposes	218.37	218.37
5.	Issue Expenses	828.68	828.68
	Total	12650.85	10073.85
	Unutilised Amount Represented by		
	Investment in Mutual Funds		2477.00
	Fixed Deposits		100.00

The Board of Directors considers it prudent to inte-se reallocate the utilisation of the balance of the IPO proceeds for purposes referred to above or so as to maximize the return on investment for the members of the Company.

Pursuant to the provisions of Section 61 of the Companies Act, 1956, the Company shall not vary the terms referred to in the Prospectus except subject to the approval of or except on authority given by the company in a general meeting. Accordingly, it is considered appropriate to seek approval of members to confer authority in favour of the Board for utilization of the unutilized portion of the IPO proceeds for purposes other than those stated in the prospectus. Accordingly, approval of the Members is sought to the special resolution as set out at item no. 7 of the accompanying notice.

The Board of Directors accordingly recommends the special resolution set out at Item No. 7 of the accompanying Notice for the approval of the Members.

The Board of Directors recommend passing of the resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

ANNEXURE TO NOTICE

In compliance of Code of Corporate Governance and Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of the directors seeking re-appointment at the 21st ANNUAL GENERAL MEETING is provided hereunder:

Name of Director	Mr. S. N. Sharma	Dr. A. C. Shah
Date of Birth	12.11.1933	16.10.1932
Date of appointment	31.07.2009	31.07.2009
Qualifications	Mining Engineering degree from Indian School of Mines, Dhanbad	B.A (Honours) degree from, St. Xavier's College, Mumbai, a master's degree in arts and a doctorate in economics from the University of Mumbai
Expertise in specific functional areas	<p>He started his career as coal mines manager in Dhanbad in July 1956. He also worked as chief mining engineer with 'Fertilizer Corporation of India' for over 10 years from April 1963 to March 1973. In 1978, he was specifically selected by the Government of India, to work on the formation of a joint venture company namely 'Hindustan Diamond Company', with De Beers Consolidated Limited, and became its first chairman and managing director, a post which he held for 14 years till 1991. He has promoted many research and development activities like new and non polluting techniques in diamond and gemstone cutting and polishing. He is currently the chairman and managing director of Diamond and Gem Development Corporation Limited, the developer and operator of Surat Special Economic Zone one of the first private sector Special Economic Zones in India. He is also the president of SEZ Developers' Association of India. In recognition of his services to promoting bi-lateral relations between India and Republic of Angola, the Government of Angola has conferred upon him the honour of representing Angola in Mumbai as the Honorary Consul General of Angola for the states of Maharashtra, Gujarat and Goa. In this capacity, Mr. Sharma has been working towards development of economic ties between India and Angola. He is also President of the "Indo-Angola Chamber of Commerce & Industry". He has also published two books titled "Where Have We Gone Wrong" in English and "Hum Bhatke Kahan" in Hindi released by Shri. L K. Advani in the year 1994</p>	<p>He has over 30 years of experience in banking sector. He retired as the chairman and managing director of Bank of Baroda on February 1993. He has also been a director of many leading institutions such as Unit Trust of India, Discount and Finance House of India, Small Industries Development Bank of India, Industrial Reconstruction Bank of India, Agricultural Finance Corporation. He was also the chairman of ANVIL, a housing subsidiary of Bank of Baroda and the deputy chairman of Indian Banks Association. He was also a member of governing board of the National Institute of Bank Management and Indian Institute of Bankers. Since his retirement, he has held various positions of responsibility such as advisor to Unit Trust of India, director of the supervisory board of the National Bank of Agriculture and Rural Development, trustee of Lilavati Hospital.</p>



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Directorship held in other public companies	<ol style="list-style-type: none">1. Diamond and Gem Development Corporation Limited;2. Gujarat Diamond Industrial Park Limited; and3. DGDC Tanzania Limited.	<ol style="list-style-type: none">1. Adani Enterprises Limited;2. Elecon Engineering Limited;3. S. Kumar Nationwide Limited;4. Brandhouse Retails Limited;5. Goldcrest Finance (India) Limited;6. Gujarat Petrosynthese Limited; and7. Reid and Taylor (India) Limited.
Chairmanship/ Membership of Committees of the Public Companies (includes only Audit, Remuneration and Shareholders'/ Investors' Grievance Committee)	NIL	<ol style="list-style-type: none">1. Adani Enterprises Limited;2. Elecon Engineering Limited;3. S. Kumar Nationwide Limited;4. Brandhouse Retails Limited;5. Goldcrest Finance (India) Limited; and6. Reid and Taylor (India) Limited

21st Annual Report 2010-2011

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting before the members the 21st Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2011.

Financial Highlights

(₹ In lacs)

	31.03.2011	31.03.2010
Sales and Other Income	56442.30	53684.32
Less: Expenses	51970.45	49235.43
Profit before tax and depreciation	4471.85	4448.88
Less: Depreciation	130.10	105.41
Net Profit/(Loss) before Tax	4341.75	4343.47
Less: Income tax and provision	82.26	222.04
Less: Deferred Tax	(35.16)	5.17
Less: Excess Provision of Income Tax W/back	(1.22)	-
Less: Reversal of Fringe Benefit Tax	-	(2.01)
Profit/(Loss) after tax	4295.87	4118.27
Balance brought forward from previous year	8448.64	5743.26
Profit available for appropriation	12744.50	9861.53
Appropriation		
Issue of Bonus shares	-	1042.02
Proposed Dividend on Equity shares	317.00	317.00
Tax on Proposed Dividend	51.43	53.87
Profit carried over to Balance Sheet	12376.08	8448.64
Earning per share (Basic and diluted)	13.63	18.44

Turnover & Profits

The Directors wish to inform you that during the financial year ended 31st March 2011, the sales and operating income increased from ₹ 53684.32 lacs to ₹ 56442.30 lacs showing an increase of 5% over previous year. The Net Profit before tax stood at ₹ 4341.75 lacs as against ₹ 4343.47 lacs in the previous year. The Net Profit after tax stood at ₹ 4295.87 lacs as against ₹ 4118.27 lacs in the previous year thus showing an increase of 4.31% over the Previous years net Profit.

Dividend

The Board, for the year ended 31st March 2011 has recommended a dividend of 10%. The payment of dividend is subject to the approval of shareholders at the Annual General Meeting and will be paid on 3,17,00,000 Equity Shares @ ₹ 1 per share.



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IPO fund utilization

The details of IPO proceeds which has been utilized by the Company is as given under. The Company has utilized a major portion of IPO proceeds for expansion as and when the correct opportunity and favorable market conditions were available. A minor portion of the proceeds allocated for the expansion still remains unutilized and the management of your Company has temporarily infused those funds in to various liquid financial instruments for investment purposes. 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 that time the shareholders money will fetch good returns which will be further helpful in future expansion and new projects of the Company.

	Amount received from IPO	12650.85
Sr. No.	Particulars of proposed reallocated expenditure amount	Amount ₹ in Lakhs)
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.	251.65
2.	Funding to subsidiaries and such entities by way of equity, capital, loans and advances or in any other manner	315.19
3.	Working Capital Requirement for business	8459.96
4.	General Corporate Purposes	218.37
5.	Issue Expenses	828.68
	Total	10073.85
	Unutilised Amount Represented by	
	Investment in Mutual Funds	2477.00
	Fixed Deposits	100.00

Subsidiary Company and Consolidated Financials

The Board of Directors of your Company has passed a resolution in its meeting dated May 24, 2011 that in line with the circular issued by MCA in terms of Section 212(8) of the Companies Act, 1956, the Annual Accounts of M. B. Diamonds, a Limited Liability Company, Russia, which is its Subsidiary, as at 31st March 2011 will be attached with the Annual Report of your Company. However, the consolidated Balance Sheet and Profit and Loss Account are given in the Annual Report. The statement as required under Section 212 of the Companies Act, 1956 is also attached as a part of Annual Report.

Fixed Deposits

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

Related Party Transactions

Related party transactions have been disclosed in the notes to accounts attached with this Annual Report.

Directors

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

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

Brief resume of the directors to be re-appointed is given in the annexure to the notice convening the 21st Annual General Meeting of the Company.

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Directors' Responsibilities Statement

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

- a) In the preparation of the annual accounts for the financial year ended 31st March 2011, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

Auditors

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

Auditors' Report

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

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is available at the registered office of your Company. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all shareholders of the Company and others entitled thereto excluding the aforesaid information. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary/Compliance Officer at the Corporate Office or Registered Office address of the Company.

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

A. Conservation of Energy:

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

B. Technology Absorption, Adaptations & Innovation:

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

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

C. Foreign Exchange Earnings and Outgo:

The information regarding Foreign exchange earnings and outgo is contained in the point no. 9 of the Schedule XXI of the accounts.

Acknowledgement

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

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

NANDLAL GOENKA
Chairman

Place: Mumbai

Date: 24th May, 2011



GOENKA DIAMOND AND JEWELS LIMITED

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT-

The Management of the Company is pleased to present this report covering the activities of the Company during the year 2010-2011.

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

COMPANY OVERVIEW

The Company is in the business of cutting and polishing of diamonds and manufacturing and retailing of diamond jewellery. The Company has expanded its business from export of coloured gem stones in the inception stage to the stage of setting up an Export Oriented Unit in Surat for manufacturing of cut & polished Diamonds to cater to the overseas market. The Company also has a dedicating manufacturing unit in Mumbai for processing of rough diamond and a separate unit for manufacture of diamond studded jewellery to serve and expand the local market. The Company is also establishing retail chain stores for its Jewellery brands so as to explore the retail arena.

Consistency and competitive pricing is the essence of the business of diamonds and to maintain the same and to be in the competition, the company sources its raw material from variety of suppliers located in different countries and geographies. The Company also has a subsidiary in Russia in the name and style of M.B. Diamonds, a LLC to enable it to import high quality and competitively priced rough and semi-processed diamonds from Russia.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

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

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

The Company has launched two Jewellery brands viz. CERES and G WILD which are primarily luxury products and will help the Company in establishing its brand equity for success in the business.

- **Foreign currency fluctuations**

Export constitutes 65% of the Company's turnover and therefore a major portion of our Company's expenditures were 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 have a huge impact on the Company's results and because of our continued focus on these growth markets, we have largely remained insulated from the economic turmoils going on in U.S.A. & Europe.

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

- **Competitive Conditions**

We expect competition in Gems and Jewellery sector from existing and potential competitors to intensify. The management is ready to face this Competition and to counter the measures activated by competitors to capture the market share of the Company.

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- **Expansion**

The Company is trying to expand its wings in the foreign market and the Indian market by entering new Countries for its export market and by entering into partnership with Partnership Firms in India. These units are the extended arms of the Company and have been initiated for the growth of Share holders Wealth. The Company has also opened various retail Stores across India in furtherance to the objective of capturing the market share in retail market. The Company has adopted systematic top bottom approach for its growth considering the risk factors and stabilization of the business along with the expansion. This approach will help us to grow the shareholders wealth and at the same time will minimize the risk involved due to various factors. The hedging of risk is done within foreign market and Indian market by expanding operations at both the level so that adverse effects of economy at any scale does not hamper the growth of the Company.

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, statues and other incidental factors.

Acknowledgement

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

For Goenka Diamond and Jewels Limited

NANDLAL GOENKA
Chairman

Place: Mumbai

Date: 24th May, 2011



GOENKA DIAMOND AND JEWELS LIMITED

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

I) Corporate Philosophy on Code of Governance

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

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

II) Board of Directors

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

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

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

Name of Directors	Category	Attendance Particulars		Number of other Directorships and Committee Memberships / Chairpersonships		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairpersonships
Mr. Nandlal Goenka Chairman	C	5	No	1	Nil	Nil
Mr. Navneet Goenka Vice Chairman and Managing Director	ED	4	Yes	1	Nil	Nil
Mr. Nitin Goenka Managing Director	ED	4	No	1	Nil	Nil
Dr. A. C. Shah Independent Director	INED	3	Yes	7	7	3
Mr. Vijay G. Kalantri Independent Director	INED	3	Yes	12	4	Nil
Mr. S. N. Sharma Independent Director	INED	3	No	3	Nil	Nil

C : Chairman

ED : Executive Director

INED : Independent Non-Executive Director

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Notes:

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

Board Meetings held during the year 2010 - 2011

During the year under review, five meetings of the Board were held on 15.04.2010, 26.05.2010, 30.07.2010, 01.11.2010 and on 05.02.2011. 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 : Dr. A. C. Shah

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

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

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

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

Date of the Meeting	Quorum
26.05.2010	3
30.07.2010	2
01.11.2010	2
05.02.2011	2

The Chairman of the Audit Committee was present at the 20th Annual General Meeting of the Company held on 25th September 2010.

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

- 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;



GOENKA DIAMOND AND JEWELS LIMITED

- 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 Kalantri
Members : Dr. A. C. Shah
Mr. S. N. Sharma

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

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At present the term of Remuneration of Executive Directors have already been approved by the shareholders at the General Meeting.

During the year one meeting of the Remuneration Committee was held on 26th May 2010. The details of the Remuneration paid to the Executive Directors for the year ended 31st March 2011 and to the Non-Executive Directors the sitting fees for meetings of Directors and Committees of Directors are as follows:

Name	Designation	Remuneration for 2010-11 (in ₹)				No. of shares held
		Salary	Sitting fees	Employer contribution to provident fund	Total	
Mr. Nandlal Goenka	Chairman	5568000	-	432000	6000000	9855000
Mr. Navneet Goenka	Vice-Chairman & Managing Director	4454400	-	345600	4800000	3915375
Mr. Nitin Goenka	Managing Director	4454400	-	345600	4800000	4097625
Dr. A.C. Shah	Director	-	70000	-	70000	Nil
Mr. Vijay Kalantri	Director	-	85000	-	85000	Nil
Mr. S. N. Sharma	Director	-	85000	-	85000	Nil

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

- All decisions relating to the remuneration of Directors are taken by the Remuneration Committee in accordance, with the approval received from Board as well as the members of the Company.
- The Directors' remuneration as mentioned above consists of fixed salary component payable to them. There is no performance linked incentives payable to directors for achievement of targets.
- During 2010–2011, 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. S. N. Sharma

Members : Dr. A. C. Shah

Mr. Vijay G. Kalantri

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

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



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Date of the Meeting	Quorum
26.05.2010	3
30.07.2010	2
01.11.2010	2
05.02.2011	2

Status of Shareholders'/Investors' Complaints

Complaints pending as on April 1, 2010	NIL
Complaints received during the period April 1, 2010 to March 31, 2011	74
Complaints resolved during the period April 1, 2010 to March 31, 2011	74
Complaints outstanding as on March 31, 2011	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 31st March 2011.

1. General Body Meetings

Location and time of last three Annual General Meetings:

Year	Location	Date	Time	Special Resolutions	Postal Ballot
2007-2008	401, Panchratna, Moti Singhbhomiyo Ka Rasta, Johari Bazar, Jaipur - 302 003	30.09.2008	12.30 p.m.	1	N.A.
2008-2009	-Address same as above-	31.07.2009	03.00 p.m.	3	N.A.
2009-2010	Royal Court, Country Inn & Suites by Carlson, M.I.Road, Khasa Kothi Circle, Jaipur 302001	25.09.2010	10.00 a.m.	3	N.A.

None of the resolutions proposed to be passed at the ensuing 21st Annual General Meeting requires to be put through postal ballot.

2. Disclosures

a) Related parties transactions

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

b) Compliances by the Company

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

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.

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

The Management Discussion and Analysis Report forms part of the Annual Report . 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 managed by 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.



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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.gdjl.co.in, 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 to the Accounts are self-explanatory and do not call for further comments.

e) Whistle Blower Policy

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

4. General Shareholder Information

a) Annual General Meeting:

Date and Time : Friday, 30th September, 2011 at 10.30 a.m.

Venue : "Hotel Park Prime", Orchid Hall, C-59, Prithviraj Road, C-Scheme, Jaipur - 302001, Jaipur, Rajasthan

Financial year: 1st April 2010 to 31st March 2011

b) Financial Calendar: 2011-2012 (Tentative)

Annual General Meeting - Next Year Board Meetings:	September 2011
- Results for the quarter ending 30th June 2011	By 14th of August, 2011
- Results for the quarter ending 30th September 2011	By 15th of November, 2011
- Results for the quarter ending 31st December 2011	By 15th of February, 2012
- Results for the year ending 31st March 2012	By end of May, 2012

c) Book Closure Date : 23rd September, 2011 to 30th September, 2011 (both days inclusive)

d) Dividend Payment Date : Dividend when sanctioned by shareholders will be payable on or after 30th September, 2011

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

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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 2011-2012 have been paid to all the above Stock Exchanges)

g) Stock Market Data

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

Month	Bombay Stock Exchange (BSE) In (₹)		National Stock Exchange (NSE) In (₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2010	141.35	92.35	116.55	106.42
May, 2010	107.95	84.50	100.19	94.50
June, 2010	104.00	71.50	82.05	77.65
July, 2010	85.00	72.00	80.13	77.13
August, 2010	103.00	79.00	91.37	86.62
September, 2010	122.00	94.15	113.88	108.06
October, 2010	109.80	89.00	102.83	97.60
November, 2010	96.00	68.55	88.14	82.35
December, 2010	92.90	69.50	79.37	74.63
January, 2011	84.20	57.30	74.32	70.44
February, 2011	68.00	52.00	63.82	59.66
March, 2011	66.90	55.00	61.08	58.46

- 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 2010-11 and no share transfer pending as on 31st March 2011.

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



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depositories. As on 31st March, 2011 around 85% comprising 27238997 equity shares were in the dematerialised form.

k) Distribution of Shareholdings as on 31st March, 2011

Shareholding of nominal value In Rs.	Shareholders		Share Amount	
	Number	% to Total Nos.	In ₹	% to Total Amt.
Upto - 5000	5999	88.40	7416110.00	2.34
5001 - 10000	436	6.42	3401160.00	1.07
10001 - 20000	167	2.46	2507700.00	0.79
20001 - 30000	57	0.84	1423180.00	0.45
30001 - 40000	20	0.29	696150.00	0.22
40001 - 50000	23	0.34	1107540.00	0.35
50001 - 100000	35	0.52	2510620.00	0.79
100001 and above	49	0.72	297937540.00	93.99
TOTAL	6786	100.00	317000000.00	100.00

l) Shareholding Pattern as on 31st March, 2011

Category of Shareholders	Holding %
Promoters / Directors/Relatives - Indian	72.36
International Investors (FIIs/NRIs/OCBs)	1.29
Bodies Corporate	9.86
Resident Indians	6.03
Others	10.46
Total	100.00

m) **Address for Investors Correspondence:**
(For transfer/dematerialisation of Shares
and any other query)

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

Email Id for investors correspondence:

investors@goenkadiamonds.com

n) **Any query on Annual Report**

Registered Office of the Company

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

Place: Mumbai
Date: May 24, 2011

Nandlal Goenka
Chairman

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To,

The Members of Goenka Diamond and Jewels Limited

CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges of India for the financial year ended on March 31, 2011.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the 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 our opinion and to the best of our information and according to the explanations given to us, and the representations made by the management we 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.

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

For B. KHOSLA & CO.
Chartered Accountants
FRN No. 000205C

For HARIBHAKTI & CO.
Chartered Accountants
FRN No. 103523W

SANDEEP MUNDRA
Partner
M. No. 75482

PRASAD PARANJAPE
Partner
M. No. 47296

Place: Mumbai
Dated: 24th May 2011



GOENKA DIAMOND AND JEWELS LIMITED

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 2010-2011 that;

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

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

Dr. A. C. Shah
Chairman, Audit Committee

Place: Mumbai

Dated: 24th May 2011

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

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

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2011 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information;
 - a) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to be applicable, to the company's auditors and through them to the audit committee of the Company's Board of Directors:
 - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - b) Significant changes in Internal control during the year;
 - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control system;
 - d) Significant changes in accounting policies during the year's

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

For Goenka Diamond and Jewels Ltd.

Nitin Goenka
Chief Executive Officer

Navneet Goenka
Chief Financial Officer

Place: Mumbai

Date: 24th May 2011



GOENKA DIAMOND AND JEWELS LIMITED

AUDITORS' REPORT

To

The Members of Goenka Diamond and Jewels Limited

1. We have audited the attached Balance Sheet of Goenka Diamond and Jewels Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order
4. Without qualifying our opinion, we draw attention to Note No. 17 of Schedule XXI to the financial statements, the Company has not complied with the provisions of section 295 of the Companies Act, 1956 in as much as it has not taken prior approval of the Central Government in respect of guarantee amounting to Rs. 69.2 million (amount outstanding as at March 31, 2011 – Rs NIL) given on behalf of a firm in which a Director of the Company is a partner with more than 25% holding. The Company has made an application under Section 621A for compounding the offences. Pending the outcome of this application, no adjustments have been made to the financial statements.
5. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Sandeep Mundra
Partner
Membership No. 75482

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

Prasad Paranjape
Partner
Membership No. 47296

Place: Mumbai
Date: May 24, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Goenka Diamond and Jewels Limited on the financial statements for the year ended March 31, 2011

- (i) (a) *The company has not maintained fixed assets register, we are given to understand that the Company is in the process of compiling the fixed assets register.*
- (b) The fixed assets of the company have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable. *However in the absence of fixed assets register, we are unable to comment on the discrepancies, if any, and adjustments to be dealt with in the books of account.*
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) As explained to us, inventories have been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of examination of inventories records, we are of the opinion that the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on physical verification of stock as compared to book records are not material and same have been properly dealt with in the books of accounts.
- (iii) As informed, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii)(b), 4(iii)(c) 4(iii)(d), 4(iii)(f) and 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs that have been entered into during the financial year because of the unique nature of the items involved and the absence of comparable prices, we are unable to comment whether the transactions were made at prevailing market price at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, cess have generally been regularly deposited with authorities.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.



GOENKA DIAMOND AND JEWELS LIMITED

- (x) The Company does not have any accumulated losses at the end of the year. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is dealing in or trading in shares, securities, debentures and other investments and maintains adequate records of its transactions and contracts in shares, securities, debentures and other investments. The company held shares, securities, debentures and other investments in its own name.
- (xv) The Company in previous year had given guarantee to the bankers on behalf of a partnership firm in which the directors are interested and for which prior approval of the Central Government under section 295 had not been obtained when the guarantee was originally given. During the year, the said guarantee stands withdrawn. During the year the company has not given any guarantee for loans taken by others from Banks or financial institutions.
- (xvi) The Company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company during the year raised money by way of public issue and management has disclosed end use of the money raised.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Sandeep Mundra
Partner
Membership No. 75482

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

Prasad Paranjape
Partner
Membership No. 47296

Place: Mumbai
Date: May 24, 2011

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BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule	Amount in Rupees	
		March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	I	317,000,000	223,290,000
Reserves & Surplus	II	2,336,022,697	854,771,655
LOAN FUNDS			
Secured Loans	III	756,553,733	643,257,754
Unsecured Loans	IV	-	-
TOTAL		3,409,576,430	1,721,319,409
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	V	130,664,251	118,431,225
Depreciation		55,685,965	42,675,656
Net Block		74,978,286	75,755,569
Capital Work in progress		58,371,478	1,205,082
DEFERRED TAX ASSETS (refer note 6 of schedule XXI)		4,734,184	1,218,436
INVESTMENT	VI	247,903,190	203,190
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	VII	1,363,122,275	779,399,853
Sundry Debtors	VIII	2,982,538,377	2,942,276,795
Cash & Bank Balance	IX	74,874,736	64,609,176
Loans & Advances	X	91,919,361	44,885,762
		4,512,454,749	3,831,171,586
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	XI	1,435,531,422	2,163,301,254
Provisions	XII	53,334,035	56,805,719
		1,488,865,457	2,220,106,973
Net Current Assets		3,023,589,292	1,611,064,613
Misc Expenditure	XIII	-	31,872,518
TOTAL		3,409,576,430	1,721,319,409
Significant Accounting Policies and Notes to Accounts	XXI		

As per our report of even date

For B. KHOSLA & CO.

Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA

Partner
M.No.75482

Place: Mumbai
Date : 24th May 2011.

For HARIBHAKTI & CO.

Chartered Accountants
FRN No.103523W

PRASAD PARANJPE

Partner
M.No.47296

Signatures to Schedules 1 to 21

For & On behalf of the Board

NAVNEET GOENKA

Vice Chairman & Managing Director

NITIN GOENKA

Managing Director

HEMANGI PATIL

Company Secretary



GOENKA DIAMOND AND JEWELS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	Amount in Rupees	
		March 31, 2011	March 31, 2010
INCOME			
Sales	XIV	5,609,892,429	5,368,431,696
Other Income	XV	34,337,560	-
		<u>5,644,229,989</u>	<u>5,368,431,696</u>
EXPENSES			
Material Cost	XVI	4,955,391,954	4,782,065,278
Manufacturing Expenses	XVII	5,314,027	3,391,697
Employee Cost	XVIII	55,063,713	23,904,435
Administrative and Selling Expenses	XIX	45,463,768	48,703,270
Finance Charges (net)	XX	79,329,926	55,370,867
Exchange Loss / (Gain) (net)*		56,481,633	10,107,848
*(refer note 16 of schedule XXI)		<u>5,197,045,021</u>	<u>4,923,543,395</u>
Profit before tax and depreciation		447,184,968	444,888,301
Depreciation	V	13,010,307	10,541,165
Profit after Depreciation		434,174,661	434,347,136
Add/ (Less):			
Provision for Taxation		8,226,317	22,203,841
Deferred Tax		(3,515,748)	517,432
Excess Provision of Income Tax Written Back		(122,441)	-
Reversal of Fringe Benefit Tax		-	(201,447)
Profit After Depreciation and Tax		429,586,533	411,827,310
Balance brought forward from previous year		844,863,655	574,325,760
Profit available for Appropriation		1,274,450,188	986,153,070
Appropriation			
Issue of Bonus shares		-	104,202,000
Proposed Dividend on Equity Shares		31,700,000	31,700,000
Tax On Proposed Dividend		5,142,533	5,387,415
Profit carried over to Balance Sheet		1,237,607,655	844,863,655
		<u>1,274,450,188</u>	<u>986,153,070</u>
Earning Per Share of Rs. 10 Each (Basic & Diluted)		13.63	18.44
(Refer Note No.9 of Schedule XXI)			
Significant Accounting Policies and Notes to Accounts	XXI		

As per our report of even date

For B. KHOSLA & CO.

Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA

Partner
M.No.75482

Place: Mumbai

Date : 24th May 2011.

For HARIBHAKTI & CO.

Chartered Accountants
FRN No.103523W

PRASAD PARANJPE

Partner
M.No.47296

Signatures to Schedules 1 to 21

For & On behalf of the Board

NAVNEET GOENKA

Vice Chairman & Managing Director

NITIN GOENKA

Managing Director

HEMANGI PATIL

Company Secretary

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Cash Flow Statement for the year ended 31st March 2011.

PARTICULARS	Amount in Rupees	
	2010-2011	2009-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	434,174,661	434,347,138
<i>Adjustment for</i>		
Depreciation	13,010,307	10,541,165
Unrealised Exchange Difference	17,504,866	(38,274,906)
Gratuity	7,439,462	158,754
Finance Charges Paid	79,329,926	55,370,867
Profit on Redemption on Current Investments	(32,968,907)	-
Operating Profit before Working Capital Changes	518,490,315	462,143,018
<i>Adjustment for</i>		
Trade and other receivables(including loans and advances)	(130,001,693)	(547,015,013)
Inventories	(583,722,422)	(223,771,691)
Trade payable	(703,540,733)	265,601,630
Cash generated from operations	(898,774,533)	(43,042,056)
Income Tax Paid (Net)	(18,085,741)	(13,318,359)
Fringe Benefit Tax Paid	-	(231,953)
Net cash from Operating Activities	(916,860,274)	(56,592,368)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(69,399,422)	(8,640,011)
Investment in Mutual Fund & Fixed deposits	(266,352,096)	-
Profit on Redemption on Current Investments	32,968,907	1,178,081
Net cash from investing activities	(302,782,610)	(7,461,930)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Borrowings	113,554,905	126,592,096
Issue of Shares(including share premium thereon)	1,265,085,000	-
Share issue expenses	(50,995,440)	(31,872,518)
Interest & Bank Commission paid on Borrowings	(79,329,926)	(56,548,948)
Dividend Paid (Including Dividend Distribution Tax)	(37,058,192)	(1,399,442)
Net cash from financing activities	1,211,256,347	36,771,188
Net increase in Cash and Cash equivalent (A+B+C)	(8,386,537)	(27,283,111)
Cash and Cash equivalent in the Opening balance	49,035,105	76,318,216
Cash and Cash equivalent in the Closing balance	40,648,568	49,035,105
Note :		
Cash and cash equivalent include cash on hand, bank balance and cheques in hand.		
Closing Cash and Cash Equivalents as per books		
Total of Cash & Cash Equivalents (Refer schedule IX)	74,874,735	64,609,176
Fixed Deposit more than 3 months	34,226,167	15,574,071
Cash and Cash equivalent in the Closing balance	40,648,568	49,035,105
Cash in hand	3,037,519	10,170,572
Current Accounts	37,611,050	38,864,533
Total	40,648,568	49,035,105

As per our report of even date

For B. KHOSLA & CO.
Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA
Partner
M.No.75482

Place: Mumbai
Date : 24th May 2011.

For HARIBHAKTI & CO.
Chartered Accountants
FRN No.103523W

PRASAD PARANJPE
Partner
M.No.47296

Signatures to Schedules 1 to 21
For & On behalf of the Board

NAVNEET GOENKA
Vice Chairman & Managing Director

NITIN GOENKA
Managing Director

HEMANGI PATIL
Company Secretary



GOENKA DIAMOND AND JEWELS LIMITED

Schedules Forming Part of Balance Sheet

Particulars	Amount in Rs.	
	March 31, 2011	March 31, 2010
Schedule I - SHARE CAPITAL		
Authorised		
3,30,00,000 (Previous Year 3,30,00,000) Equity Share of Rs 10 each	330,000,000	330,000,000
	<u>330,000,000</u>	<u>330,000,000</u>
Issued, Subscribed and Paid-up		
3,17,00,000 (Previous Year 2,23,29,000) Equity Shares of Rs 10 each Fully Paid up (Refer note 3 of schedule XXI)	317,000,000	223,290,000
	<u>317,000,000</u>	<u>223,290,000</u>
Note:		
1. The above equity shares include 2,22,66,600 (Previous Year 2,22,66,600) shares of Rs.10/- each allotted as fully paid up bonus shares by way of capitalisation of accumulated profits.		
SCHEDULE II - RESERVE & SURPLUS		
1. General Reserve	9,908,000	9,908,000
2. Securities Premium A/c		
Opening balance	-	-
Add : Shares Premium received during the year (refer note.3)	1,171,375,000	-
Less : Adjusted towards Share Issue Expenses	(82,867,958)	-
3. Balance in Profit & Loss Account	1,237,607,655	844,863,655
	<u>2,336,022,697</u>	<u>854,771,655</u>
SCHEDULE III - SECURED LOANS		
Working Capital Facilities from Banks		
Pre Shipment Credit (refer note i & ii)	238,220,893	228,257,754
Post Shipment Credit (refer note I & ii)	491,356,840	415,000,000
Buyers Credit Loan (refer note iii)	26,976,000	-
	<u>756,553,733</u>	<u>643,257,754</u>

Notes:

Working Capital Facilities is secured by:

- i) Hypothecation of Stock-in-trade and Book Debts on pari passu basis
- ii) Further secured, on pari-passu basis: -
 - a. Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director and Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai
 - b. Personal Guarantees of all Promoter Directors of the Company.
- iii) Pledge of Units of Mutual Fund of the Value of Rs. 5.30 cr. against Buyers Credit Loan.

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Schedules Forming Part of Balance Sheet

Particulars	Amount in Rs.	
	March 31, 2011	March 31, 2010
SCHEDULE IV - UNSECURED LOANS		
(Other than Short term)		
From Bank	-	-
From Directors	-	-
From Others (Shareholders)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

SCHEDULE - V of FIXED ASSETS

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2010	Addition during the period	Deductions during the year	Total as on 31.03.2011	Upto 01.04.2010	Provided during the period	Adj. for deductions	Total upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
1	Leasehold Factory land	2,736,000	-	-	2,736,000	775,200	182,400	-	957,600	1,778,400	1,960,800
2	Buildings	67,279,339	400,000	-	67,679,339	18,192,140	3,692,173	-	21,884,313	45,795,026	49,087,199
3	Plant & Machinery	11,837,389	384,158	-	12,221,547	3,103,989	1,232,307	-	4,336,297	7,885,250	8,733,399
4	Electric Installation	2,286,599	-	-	2,286,599	425,260	258,912	-	684,172	1,602,427	1,861,339
5	Furniture & Fixtures	8,401,517	1,320,175	-	9,721,692	5,379,257	740,703	-	6,119,960	3,601,732	3,022,260
6	Office Equipment	3,157,217	1,387,642	-	4,544,859	923,266	425,955	-	1,349,222	3,195,637	2,233,951
7	Vehicle	9,533,575	3,123,133	-	12,656,708	8,138,586	620,351	-	8,758,937	3,897,771	1,394,989
8	Computers	3,517,343	686,271	-	4,203,614	1,886,683	873,564	-	2,760,247	1,443,367	1,630,660
9	Improvement on Leasehold Assets	9,682,247	4,931,646	-	14,613,893	3,851,275	4,983,942	-	8,835,217	5,778,676	5,830,972
	Total	118,431,225	12,233,026	-	130,664,251	42,675,656	13,010,307	-	55,685,965	74,978,286	75,755,569
	Total for Previous year	110,684,443	8,204,864	(458,082)	118,431,225	32,134,488	10,575,807	(34,639)	42,675,656	75,755,569	-
	Capital WIP									58,371,478	1,205,082

Notes:

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



GOENKA DIAMOND AND JEWELS LIMITED

Schedules Forming Part of Balance Sheet

Particulars	Amount in Rs.	
	March 31, 2011	March 31, 2010
Schedule VI - INVESTMENTS		
Long term -Unquoted		
Investment In Subsidiary Co. (Refer note no. 4 of schedule XXI)		
(1 Share of 9500 roubles being 95% of the issued Capital of M.B. Diamonds LLC)	203,190	203,190
Total (A)	<u>203,190</u>	<u>203,190</u>
Current Investement -Quoted, fully paid up		
Investments in Mutual Fund		
ICICI Medium Term (51,39,643 units of Rs.10 each) * (Previous Year : Nil)	53,000,000	-
ICICI Blended (48,56,868 units of Rs.10 each) (Previous Year : Nil)	50,000,000	-
DSP BlackRock FMP (4,70,000 units of Rs. 10 each) (Previous Year : Nil)	4,700,000	-
IDFC Money Manager Fund (4,66,085 units of Rs.10 each) (Previous Year : Nil)	5,000,000	-
IDFC Saving Advantage Fund (98,188 units of Rs. 1000 each) (Previous Year : Nil)	135,000,000	-
Total (B)	<u>247,700,000</u>	-
Market Value / NAV of Quoted investments	252,649,014	-
* Pledge of Mutual fund of Rs. 5.30 Cr. against buyers credit Loan		
Total (A+B)	<u>247,903,190</u>	<u>203,190</u>
Number of Units purchased and sold during the year		
Units in Mutual Fund	Purchases	Sold
Birla Sunlife Saving Fund-Inst. Growth	28,543,140	28,543,140
HDFC Liquid Fund-Inst. Growth	6,361,548	6,361,548
ICICI Blended Plan B-Inst. Growth	11,219,906	11,219,906
ICICI Prudential Liquid Plan-Super IP-Growth	1,089,250	1,089,250
IDFC Money Manager Fund-Inst Growth	13,138,746	13,138,746
IDFC Cash Fund-Super Inst Plan C-Growth	4,376,597	4,376,597
IDFC Saving Advantage Fund-Inst. Growth	47,334	47,334
Kotak Floater ST-Inst.Growth	12,909,639	12,909,639
LIC Mutual Plus Fund-Inst.Growth	6,817,262	6,817,262
Principal Cash Management Fund-Inst.Growth	13,816,485	13,816,485
Principal Money Manager Fund-Inst.Growth	28,234,074	28,234,074
Principal Pnb FMP-91 Days-SeriesXXIII-Inst.Growth	5,000,000	5,000,000
Reliance Interval Fund-Inst.Growth	19,496,655	19,496,655
Reliance Liquidity Fund-Inst.Growth	166,975	166,975
SBI PSU FUND-Dividend	1,000,000	1,000,000
SBI SHDF-UltraShort Term-IP-Growth	16,640,803	16,640,803
Tata Liquid SHIF-Growth	56,660	56,660
Taurus Mutual Fund-Inst. Growth	125,587	125,587
UTI FIIF-Monthly Interval Plan-I-Inst. Growth	8,980,683	8,980,683
UTI Floating Rate Fund-Inst.Growth	188,430	188,430

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Schedules Forming Part of Balance Sheet

Particulars	Amount in Rupees			
	March 31, 2011		March 31, 2010	
SCHEDULE VII - INVENTORIES				
(As valued and certified by the management)				
(At Lower of Cost and net realisable value)				
Raw Materials		750,250,341		433,055,137
Work In Progress		49,097,223		
Finished Goods		563,774,711		346,344,716
		1,363,122,275		779,399,853
SCHEDULE VIII - SUNDRY DEBTORS				
(Unsecured and Considered good unless otherwise stated)				
(a) Outstanding for a period exceeding six months		541,045,725		738,955,271
(b) Others		2,441,492,652		2,203,321,524
		2,982,538,377		2,942,276,795
SCHEDULE IX - CASH & BANK BALANCES				
Cash On Hand		3,037,519		10,170,572
With Scheduled Banks				
-In Current Account	37,611,050		38,864,533	
-In Fixed Deposits (pledged with bankers Rs. Nil (Previous Year Rs.130 Lacs) against Guarantee given by them)	34,226,167	71,837,217	15,574,071	54,438,604
		74,874,736		64,609,176
SCHEDULE X - LOANS & ADVANCES				
(Unsecured and considered good unless otherwise stated)				
Advances to M.B.Diamonds LLC (Subsidiary Co.) (refer note 13 of schedule XXI)		31,519,657		15,095,815
Advance Tax		8,300,000		5,000,000
Advances recoverable in cash or in kind or for which value to be received*				
Considered good	39,684,163			10,630,414
Considered Doubtful	835,000			
	40,519,163			
Less : Provision for Doubtful Advance	(835,000)	39,684,163		-
Security Deposit		12,415,541		14,159,533
*(Including loan to officer Rs.50,000/- , Previous Year : Nil)				
*(maximum balance during the year Rs.50,000/-, Previous Year : Nil)				
		91,919,361		44,885,762
SCHEDULE XI - CURRENT LIABILITIES				
Sundry Creditors (Refer Note .14 of Schedule XXI)**				
Due to Micro and small enterprises	-		-	
Others	1,427,334,218	1,427,334,218	2,157,102,404	2,157,102,404
Other Liabilities		5,847,310		5,192,049



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Schedules Forming Part of Balance Sheet

Particulars	Amount in Rupees	
	March 31, 2011	March 31, 2010
Interest Accrued ,But not due	847,397	544,551
Unpaid Dividend *	29,223	-
Due to Director in current account	1,473,274	462,250
*To be credited Investor Education Protection Fund as and when due		
** There are no amount due to Micro, Small and Medium Enterprises units (2010- Nil) as indicated by Management.		
	<u>1,435,531,422</u>	<u>2,163,301,254</u>
SCHEDULE XII - PROVISIONS		
For Income Tax (FY-09-10 & 10-11)	8,344,034	18,325,899
For Proposed Dividend	31,700,000	31,700,000
For Tax on Proposed Dividend	5,142,533	5,387,415
For Gratuity (Refer Note 7 of schedule XXI)	8,147,468	708,006
For Leave Encashment	-	684,399
	<u>53,334,035</u>	<u>56,805,719</u>
SCHEDULE XIII - MISC.EXPENDITURE		
(To the extent not written off or adjusted)		
Share Issue Expenses	31,872,518	
Add: Incurred during the year	50,995,440	31,872,518
	82,867,958	
Less: Transferred to Securities Premium account	(82,867,958)	
	<u>-</u>	<u>31,872,518</u>

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Schedules Forming Part of Profit and Loss A/c

Particulars	For the year March 31, 2011	For the year March 31, 2010
SCHEDULE XIV - SALES		
Local Sales	2,016,388,856	1,821,745,605
Export Sales	3,593,503,573	3,546,686,091
	<u>5,609,892,429</u>	<u>5,368,431,696</u>
SCHEDULE XV - OTHER INCOME		
Forward Contract Premium	997,480	-
Profit on Redemption of Current Investments	32,968,907	-
Other Income	371,173	-
	<u>34,337,560</u>	<u>-</u>
SCHEDULE XVI - MATERIAL COST		
Materials in Process		
Opening Stock of Materials in process	433,055,137	218,667,117
Add : Transferred from Finished	-	13,849,372
	<u>433,055,137</u>	<u>232,516,489</u>
Add: Purchases	5,539,113,366	5,005,375,962
	<u>5,972,168,503</u>	<u>5,237,892,451</u>
Less: Closing Stock	799,347,564	433,055,137
	<u>5,172,820,939</u>	<u>4,804,837,314</u>
Purchases of Finished Goods	1,010	461,000
(Increase)/ Decrease in Stock		
Opening Stocks	346,344,716	336,961,051
Less : Transferred to Materials in process	-	(13,849,372)
	<u>346,344,716</u>	<u>323,111,679</u>
Less:		
Closing Stock	563,774,711	346,344,716
	<u>(217,429,995)</u>	<u>(23,233,036)</u>
	<u>4,955,391,954</u>	<u>4,782,065,278</u>
SCHEDULE XVII - MANUFACTURING EXPENSES		
Electricity & Water expenses	571,773	539,955
Factory Rent (refer note 10 of schedule of XXI)	1,350,887	1,284,464
Misc Factory Expenses	2,966,723	1,297,360
Factory Repair & Maintenance (refer note 6 of schedule XXI - Additional Information)	220,804	236,168
Import Expenses	203,840	33,750
	<u>5,314,027</u>	<u>3,391,697</u>
SCHEDULE XVIII - EMPLOYEE COST		
Salaries	29,017,755	18,420,725
Director's Remuneration (refer note 11 of Schedule XXI)	15,600,000	3,900,000
Contribution to Employees Fund	2,188,264	624,113
Staff & Labour Welfare	818,232	800,843
Gratuity (refer note 7 of schedule XXI)	7,439,462	158,754
	<u>55,063,713</u>	<u>23,904,435</u>



GOENKA DIAMOND AND JEWELS LIMITED

Schedules Forming Part of Profit and Loss A/c

Particulars	For the year March 31, 2011	For the year March 31, 2010
SCHEDULE XIX - ADMINISTRATIVE AND SELLING EXPENSES		
Printing & Stationery	652,656	847,539
Rent (refer note 10 of schedule of XXI)	7,609,374	7,157,070
Legal & Professional	4,954,812	4,437,262
Auditors Remuneration (refer note 5 of schedule XXI - Additional Information)	1,220,340	1,045,745
Directors sitting fees	240,000	240,000
Professional Tax	2,500	-
Water & Electricity	1,455,818	1,227,039
Telephone Expenses	1,511,753	1,035,549
Exhibition Expenses	2,716,445	2,912,736
Insurance	1,502,514	1,448,791
Vehicle Running & Maintenance	412,476	348,485
Advertisement Expenses	3,040,616	8,912,965
Annual Listing fees	147,802	-
Donation	104,702	1,364,710
Office Expenses	3,766,238	781,101
Discount on Forward Contract	-	862,500
Provision for doubtful advance	835,000	-
Repair & Maintenance (refer note 6 of schedule XXI - Additional Information)	1,752,658	1,211,760
ROC Fees	28,560	-
Membership Fees	285,769	255,885
Security Services charges	1,126,694	912,976
Travelling Expenses	4,807,253	5,744,365
Business Promotion	4,132,480	5,771,911
Commission & brokerage	219,248	25,910
Conveyance Expenses	309,249	248,499
Export and Selling Expenses	1,923,718	1,473,903
Commission on Sales (other than sole agent)	705,093	436,569
	45,463,768	48,703,270
SCHEDULE XX - FINANCE CHARGES		
Bank Charges & Commission	12,853,871	11,646,593
Interest Paid to Banks on Working Capital	72,221,528	44,902,355
Less : Interest received on FD (TDS Rs. 5,72,741/- (Previous Year Rs.2,09,145/-)	(5,745,473)	(1,178,081)
	79,329,926	55,370,867

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Particulars	Year ended 31st March 2011		Year ended 31st March 2010	
SCHEDULE XXI - ADDITIONAL INFORMATION				
<i>(Pursuant to provisions of Paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956)</i>				
1 Materials Consumed 1	Quantity	Rupees	Quantity	Rupees
Diamond Roughs (Carats)	79,687	1,255,298,068	74,437	3,369,138,940
Semi-Finished Diamonds (Carats)	28,150	2,420,662,694	10,418	355,961,681
Gold (Grams)	23,947	45,098,552	17,461	24,335,429
Alloys (Grams)	8,903	133,673	7,038	57,362
Gemstones (Carats)	4,345	4,147,451	693	134,122
Accessories (Nos.)	53	307,944	-	-
Diamond (Carats)	12,177	1,447,172,557	7,542	1,055,209,780
		5,172,820,939		4,804,837,314
Note:				
1 Consumption includes quantity and cost of materials sold.				
2 Stocks, Turnover and Purchases				
Opening Stocks				
Jewellery (Nos.)	2,488	299,874,152	2,362	256,390,736
Diamond (Carats)	833	46,470,564	2,369	66,720,935
		346,344,716		323,111,671
Purchases				
Jewellery (Nos.)	1	1,010	1	461,000
Diamond (Carats)	-	-	-	-
		1,010		461,000
Turnover				
Jewellery (Nos.)	1,642	1,725,332,011	2,066	1,542,606,748
Diamond (Carats)*	58,192	3,884,560,418	37,626	3,825,824,948
*(Include 1777 cts sold as Raw Materials)				
		5,609,892,429		5,368,431,696
Closing Stocks				
Jewellery (Nos.) 3	2,560	397,133,933	2,488	299,874,152
Diamond (Carats)	2,345	166,640,778	833	46,470,564
		563,774,711		346,344,716

3. 676 Pcs valuing Rs. 1,56,53,281/- lying with Franchisees



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3 Capacities and Production	<i>Quantity</i>	<i>Quantity</i>
Licensed and Installed Capacities	Not Applicable	Not Applicable
Actual Production:		
Diamond (Carats)*	61,178	42,458
Studded Jewellery (Nos.)	1,713	2,191
* Production include assortment,repolishing and other process.		
4 Captive Consumption		
Diamond (Carats)	3,251	6,368
	<u>3,251</u>	<u>6,368</u>
5 Payment to Auditors		
a. Audit Fees	882,400	882,400
b. Tax Audit Fees	27,575	27,575
c. For Reimbursement of Expenses	62,190	135,770
d. Other Fees	248,175	-
	<u>1,220,340</u>	<u>* 10,45,745</u>
* The above expenses excludes an amount of Rs.10,55,834/- incurred in relation to IPO which has been witten off against Securities Premium Account.		
6 Repair and Maintenance		
a. Building	220,804	236,168
b. Machineries	-	-
c. Other Repairs	1,752,658	1,211,760
	<u>1,973,462</u>	<u>1,447,928</u>
7 Value of Import calculated on CIF basis		
a. Raw Material	3,266,421,734	3,252,863,126
8 Value and % of Material Consumed	%	%
Raw Material	Rs.	Rs.
a. Imported	3,050,418,655	1,498,891,247
b. Indigenous	2,122,402,285	3,305,946,066
	<u>5,172,820,939</u>	<u>4,804,837,314</u>
9 Expenditure in Foreign Currency		
a. Travelling	342,906	1,011,557
b. Other	-	-
	<u>342,906</u>	<u>1,011,557</u>
10 Remittance in Foreign Currency on account of Dividend	2010-11	2009-10
a. Number of Non resident Shareholders	-	-
b. Number of Equity Shares held by them.	-	-
c. (i) Amount of Dividend Paid	-	-
(ii) Tax Deducted at Source	-	-
(iii) Year to which dividend relates	-	-
11 Earning in Foreign Currency		
Export of goods calculated on FOB basis	3,592,174,838	3,545,760,748
	<u>3,592,174,838</u>	<u>3,545,760,748</u>

SCHEDULE XXI

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

a. The financial statements have been prepared in compliance with the mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (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 an accrual basis.

2. Use of Estimates

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

3. Fixed Assets

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

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

4. Depreciation and Amortization

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

Leasehold lands are amortized over the initial period of lease.

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

5. Impairment of Fixed Assets

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

6. Inventories

a. Inventories are valued at lower of cost and estimated net realisable value. Cost is determined on 'First-in First-out', 'Specific Identification', or "Weighted Average' basis, as the case may be. Cost of Inventories Comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

b. Raw Materials include materials issued for production. Materials consumed are materials used for production of finished goods only.

c. Determination of estimated net realizable value and specific identification involve technical judgments of the management, which has been relied upon by the Auditors.

7. Investments

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



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

8. Revenue Recognition

Sale of Goods:

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

Dividend on Investment:

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

Interest Income:

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

9. Foreign Currency Transactions:

a. Initial Recognition:

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

b. Conversion:

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

c. Exchange Differences:

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

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

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

10. Retirement Benefits:

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

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

11. Borrowing Cost:

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

12. Leases

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

13. Earnings Per Share

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

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number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

14. Cash and Cash Equivalents

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

15. Segment Reporting

Identification of segments:

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

Inter segment Transfers:

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

Allocation of common costs:

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

Unallocated items:

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

Segment Policies:

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

16. Provision for Current and Deferred Taxation:

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

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

17. Provision, Contingent Liabilities and Contingent Assets:

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

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

Contingent Liability is disclosed in case of

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

Contingent Assets are neither recognized, nor disclosed.

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



GOENKA DIAMOND AND JEWELS LIMITED

B. NOTES ON ACCOUNTS

1. Contingent Liabilities

(Figures In ₹)

	Particulars	As at Mar 31, 2011	As at March 31, 2010
A	Guarantees given to banks for loans taken by other (refer note. 2)	-	692,97,000
B	Disputed Tax Matters		
	- Income Tax	33,89,347	33,89,347
C	Estimated amount of contract remaining to be executed on capital account and not provided for (net)	83,57,170	-

2. The Company had given guarantee of ₹ 692 lacs for a loan borrowed by an associate firm in which Directors were interested. At the time of providing the guarantee the Company was exempt U/s. 295 (2) of the Companies Act, 1956 to obtain prior approval from the Central Government. However, on renewal of the same the Company was a public limited company and consequently the guarantee given to bankers was in contravention to Section 295 of the Companies Act. Punjab and Sind Bank vide its letter dated 10.02.2011 and UCO Bank vide its letter dated :05.02.2011, have released the company from the Corporate Guarantee issued by it in favor of the firm in respect of working capital facilities of ₹ 28.00 crores enjoyed by the firm from the above banks. The Company has made a composite application u/s. 621A for compounding of the offence with Hon. CLB, Northern Region Bench which is pending for disposal.
3. During the financial year, the Company has completed its Initial Public Offer (IPO) comprising of 93,71,000 equity shares of ₹ 10/- each of the Company for cash, which were issued at a price of ₹ 135/- per equity share (including a share premium of ₹ 125/- per equity share) aggregating in all to ₹ 126.51 Crores. The Objects of the issue as mentioned in the prospectus were as follows : -

(₹ In lacs)

S. No.	Particulars of expenditure Amount	Amount
1	Establishment of G WILD Stores	516.72
2	Establishment of CERES Stores	213.02
3	Working capital requirement for jewellery business	8,459.96
4	Establishment of jewellery manufacturing facility	384.36
5	Establishment of diamond processing facility	329.23
6	Investment in our Subsidiary	2,500.00
7	General corporate purposes	0.00
	Total	12,403.29

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 management has proposed interse reallocation of the utilization of proceed under Initial Public Issue, which is as under :-

(₹ In Lacs)

Amount Received from IPO		12650.85	12650.85
S. No.	Particulars of proposed reallocated expenditure amount	Proposed	Actual
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	1143.84	251.65
2.	Funding to subsidiaries and such entities by way of equity, capital, Loans and Advances or in any other manner	2000.00	315.19
3	Working Capital Requirement for business	8459.96	8459.96
4.	General Corporate Purposes	218.37	218.37
5	Issue Expenses	828.68	828.68
	Total	12650.85	10073.85
	Unutilized Amount Represented by		
	Investments in Mutual Funds		2477.00
	Fixed Deposits		100.00

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The Audit Committee in their meeting held on 24th May, 2011 has recommended the above inter-se reallocation of utilization of IPO proceeds and the Board of Directors in their meeting held on 24h May 2011 has approved the above. As required by the provisions of Section 61 of the Companies Act, 1956, the approval of the shareholders for the above inter-se reallocation would be sought at the ensuing Annual General Meeting.

4. The net worth of the subsidiary M. B. Diamonds LLC has been completely eroded. No provision against the investment made in the subsidiary is considered necessary as the management is committed to provide the necessary financial and operational support to carry on the business of the subsidiary.
5. The Income tax Authorities during the search u/s 132 of I.T Act 1961 on 13th August 1993 seized 5580 cts. of emerald cut valued at Rs 819000/-. The same has been shown in the closing stock of emerald cut in the books of Accounts.
6. The Deferred Tax Assets comprises of the following

Particulars	As at March 31, 2011	As at March 31, 2010
A Deferred Tax Assets		
i. On account of Depreciation	20,27,595	9,77,785
ii. On account of disallowance under Income Tax Act	-	-
iii. On Account of Provision for Gratuity	27,06,589	2,40,651
Total	47,34,184	12,18,436

Increase in Deferred Tax Assets for the year of Rs.35,15,748 (Previous Year Rs. 5,17,432) has been recognized in profit and loss account for the year.

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

1. Defined Contribution Plans

- a. Employer's Contribution to Provident Fund
- b. Employers Contribution to Employees' State Insurance
- c. Employers Contribution to Maharashtra Labour Welfare Fund

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

Particulars	Current Year	Previous Year
Employer's contribution to Provident Fund	17,15,000	3,34,546
Employer's Contribution to Employees' State Insurance	4,67,228	2,85,235
Employer's Contribution to Maharashtra Labour Welfare Fund	6,036	4,332

2. Defined Benefit Plans

a. Gratuity (Non-Funded)

In accordance with Accounting Standard- 15 (Revised 2005) actuarial valuation was performed in respect of gratuity liability as on 31st March 2011, Details under AS-15, to the extent applicable is furnished below:

Actual Assumptions:

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Discount Rate	8.25%	8.25%
Rate of Increase in compensation level (per annum)	7%	7%
Rate of return on Plan Assets	Nil (Non-funded)	Nil (Non-funded)
Attrition Rate	5%	5%



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Change in Benefit obligation:

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Projected Present Value of the Defined Benefit Obligation, beginning of the year (April1,2010)	Rs.7,08,006	Rs. 5,49,252
Interest Cost	Rs. 1,08,030	Rs. 61,755
Current Service Cost	Rs. 67,29,988	Rs. 2,22,689
Benefit Paid	Nil	Nil
Actuarial (Gain)/Loss	Rs. 6,01,444	(Rs. 1,25,690)
Projected Benefit obligation, end of the year	Rs.81,47,468	Rs. 7,08,006

Balance Sheet Reconciliation

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Net Liability as at the beginning of the year	7,08,006	5,49,252
Gratuity provided during the year	74,39,462	1,58,754
Benefits paid	-	-
Net Liability as at the end of the year	81,47,468	7,08,006

Expenses recognized during the year

Particulars	Current Year	Previous Year
Service cost	Rs. 6,01,444	Rs. 2,22,690
Interest on defined benefit obligation	Rs. 1,08,030	Rs. 61,755
Net actuarial (Gain) / Loss recognized in the year	Rs. 67,29,988	(Rs. 1,25,690)
Expenses recognized in P & L A/c	Rs. 74,39,462	Rs. 1,58,754

Reconciliation of fair value of assets and obligations:

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Present Value of the Obligation as at the year end	81,47,468	7,08,006
Fair value of plan assets as at the year end	-	-
Funded Assets recognized in Balance Sheet	-	-
Un-funded liability recognized in Balance Sheet (Under Provisions)	81,47,468	7,08,006

Experience Adjustments

Assumptions	Year Ended March 31, 2011	Year Ended March 31, 2010
On Plan Liability (Gain) / Loss	67,29,988	(1,83,115)

8. Related Party Disclosure

A. List of related parties

Subsidiary

MB Diamonds LLC

Enterprises in which directors are interested/Associates

1. Goenka Diamonds Private Limited
2. Mystique Jewels
3. Goenka Jewellers
4. Geet Holdings Private Limited
5. Yash Holdings Private Limited
6. Sonam Complex Private Limited
7. Goenka Infra Projects Private Limited

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8. Goenka Mining Resources Private Limited
9. Goenka Entertainments Private Limited
10. Goenka Properties Private Limited
11. Gem Gold Mining Private Limited
12. Top Minerals Private Limited
13. Aureus Gold Mines Private Limited
14. Shree Vriddhi Mines and Minerals Private Limited
15. Gold Minerals Private Limited
16. Chrome Mines and Minerals Private Limited
17. Goenka Power and Infra Limited
18. D.V.Exports
19. Dinyog Finvest Private Limited
20. Nand Lal Goenka(HUF)

Key Managerial Personnel

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

Relative of Key Managerial Personnel

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

B. Transactions with related Parties

Nature of Transactions	Subsidiary		Key Managerial Personnel		Relative of Key Managerial Personnel		Associates	
	2010-11	2009-2010	2010-11	2009-2010	2010-11	2009-2010	2010-11	2009-2010
Transactions during the year								
Purchase of Goods	422,27,250	59,07,045	-	-	-	-	-	-
Rent Paid								
Nandlal Goenka	-	-	9,90,000	4,95,000	-	-	-	-
Navneet Goenka	-	-	9,00,000	4,50,000	-	-	-	-
Nitin Goenka	-	-	9,00,000	4,50,000	-	-	-	-
Remuneration								
Nandlal Goenka	-	-	60,00,000	15,00,000	-	-	-	-
Navneet Goenka	-	-	48,00,000	12,00,000	-	-	-	-
Nitin Goenka	-	-	48,00,000	12,00,000	-	-	-	-
Perquisites								
Navneet Goenka	-	-	7,10,160	1,99,200	-	-	-	-
Others	-	-	79,200	45,600	-	-	-	-



GOENKA DIAMOND AND JEWELS LIMITED

Issue of Bonus Shares								
Nandlal Goenka	-	-	-	9,85,000	-	-	-	-
Navneet Goenka	-	-	-	3,91,538	-	-	-	-
Nitin Goenka	-	-	-	4,09,762	-	-	-	-
Others	-	-	-	-	-	48,58,000	-	1,59,60,00
Dividend Paid	-	-	-	-	1,041,000	91,900	34,20,000	182,400
Nandlal Goenka	-	-	98,55,000	5,25,600	-	-	-	-
Navneet Goenka	-	-	39,15,375	1,90,680	-	-	-	-
Nitin Goenka	-	-	40,97,625	2,00,400	-	-	-	-
Balances as at end of year								
Advances	315,19,657	150,95,815	-	-	-	-	-	-
Security Deposit								
Nandlal Goenka	-	-	50,000	50,000	-	-	-	-
Navneet Goenka	-	-	50,000	50,000	-	-	-	-
Nitin Goenka	-	-	50,000	50,000	-	-	-	-
Due in Current Account								
Nandlal Goenka	-	-	6,74,854	1,54,250	-	-	-	-
Navneet Goenka	-	-	2,13,484	1,56,500	-	-	-	-
Nitin Goenka	-	-	5,89,936	1,51,500	-	-	-	-
Investment in Subsidiary Co.	203,190	203,190	-	-	-	-	-	-

9. Earnings Per Share

Particulars	2010-2011	2009-2010
Nominal value of Shares (Rs.)	10	10
Number of shares Outstanding During the Year (After adjustment for bonus shares issued)	31,700,000	22,329,800
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	31,520,282	22,329,000
Adjusted profit/(loss) after tax attributable to equity Shareholder for Basic and Diluted EPS	429,586,533	411,827,310
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	31,520,282	22,329,000
Basic- Earning per Share	13.63	18.44
Diluted-Earning per Share	13.63	18.44

10. Obligation towards operating Leases

Operating Lease Obligation

[Figures In Lacs]

Particulars	2010-2011	2009-2010
Not later than one year	70.57	66.72
Later than one year but not later than five years	60.59	158.87
Later than 5 years	-	-
Total	131.16	225.59

Rental Expenses of Rs. 89.60 lakhs (Previous Year 2009-10 Rs. 69.94 lakhs) in respect of obligation under operating leases have been recognized for the year, in the profit and loss account.

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11. Managerial remuneration under section 198 of the Companies Act 1956, paid or payable during the financial year to the Directors as under :

Particulars	F.Y.2010-11	F.Y.2009-10
Salary & Allowance	1,44,76,800	39,00,000
Contribution to Provident Fund	11,23,200	-
Total	1,56,00,000	39,00,000

Note:

- The employees wise break up of liability an account of retirement benefit scheme based on actuarial valuation is not ascertainable.
- In the absence of commission payable, the computation of net profits in accordance with section 198(1) of the Companies Act, 1956 is not given.

12. Segment Reporting

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

Particulars	As at March 31, 2011				As at March 31, 2010			
	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total
Primary Segment (by Product)								
Revenue								
Segment Revenue	3,884,560,418	1,725,332,011		5,609,892,429	3,825,817,255	1,542,614,441	-	53,68,431,696
Results								
Segment Results	378,773,928	158,338,189	-	537,112,117	286,428,698	200,434,992	-	486,863,684
Exchange Gain (Net)				(56,481,633)				(10,107,848)
Operating Profit				480,630,484				476,755,836
Other Income				34,337,560				35,28,327
Unallocable Expenses				(14,317,329)				(1,034,670)
Interest Expenses				(66,476,055)				(44,902,355)
Net Profit before tax.				434,174,661				434,347,138
Segment Assets	3,525,825,466	1,009,818,215	362,798,205	4,898,441,887	3,165,772,849	666,262,275	72,518,743	3,904,553,867
Segment Liabilities	2,087,066,840	97,586,965	60,765,385	2,245,419,190	2,570,636,475	216,601,336	71,126,916	2,858,364,728
Net Capital Employed	1,438,758,626	912,231,250	302,032,821	2,653,022,697	595,136,374.13	449,660,939.08	1,391,826	1,046,189,140
Capital Expenditure	6,637,923	59,034,934	4,931,646	70,604,504	7,196,570	1,443,441	-	8,640,011
Depreciation & Amortization	6,207,922	3,548,120	3,254,265	13,010,307	6,819,595	3,721,573	-	10,541,165
No cash expenses other than depreciation & amortization	-	-	-	-	-	-	-	-
Secondary Segment (by Geographical area)								
Geographical Location	Domestic	Rest of the world		Total	Domestic	Rest of the world		Total
Revenue	2,016,388,856	3,593,503,573	-	5,609,892,429	1,821,745,605	3,546,686,091	-	5,368,431,696
Segments Assets	1,460,834,157	3,437,607,730	-	4,898,441,887	942,124,210	2,962,429,657	-	3,904,553,867
Segments Liabilities	267,739,846	1,977,679,344	-	2,245,419,190	668,926,110	2,189,438,618	-	2,858,364,728
Net Capital Employed	1,193,094,311	1,459,928,386	-	2,653,022,697	273,198,100	772,991,040	-	1,046,189,140

13 Advance to Subsidiary

To M B Diamonds LLC (a company under same management). Maximum Balance outstanding during the year ₹ 74,726,005 (Previous Year ₹ 15,620,057).

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



GOENKA DIAMOND AND JEWELS LIMITED

15 Disclosure in respect of derivative instruments as at March 31, 2011 :

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

Type Of Currency	No of Contracts Outstanding as on 31.03.2011	Value of Contract
USD / INR	1	USD 20,00,000

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

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

Particulars	Rs. In Crore	In Foreign Currency (USD Million)
Debtors	280.01 (Previous Year 269.40)	63.15 (Previous Year 59.97)
Creditors	121.65 (Previous Year 154.20)	27.06 (Previous Year 33.96)
Receivable from Subsidiary Company	3. 15 (Previous Year 1.51)	0.70 (Previous Year 0.33)
Buyers Credit and EBRD Loan	4.97 (Previous Year Nil)	1.10 (Previous Year Nil)

16 During the year, the Company's, GM – Treasury, (since suspended pending enquiries) executed forward contracts on behalf of the company in excess of the limits as specified in the employment contract duly signed by him on account of which the company suffered a loss to the tune of Rs.937.87 lacs which has been netted off against exchange loss / (gain) in P/L A/c of Rs.564.82 lacs.

17 In the opinion of the Directors the Current Assets including Loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and all known liabilities have been provided in accounts.

18 Previous year figures have been reworked, regrouped, rearranged and reclassified wherever considered necessary, to make them comparable to those of the current year.

As per our report of even date

For B. KHOSLA & CO.

Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA

Partner
M.No.75482

For HARIBHAKTI & CO.

Chartered Accountants
FRN No.103523W

PRASAD PARANJAPE

Partner
M.No.47296

Signatures to Schedules 1 to 21

For & On behalf of the Board

NAVNEET GOENKA

Vice Chairman & Managing Director

NITIN GOENKA

Managing Director

HEMANGI PATIL

Company Secretary

Place : Mumbai

Date : 24th May 2011.

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

1 Registration Detail

Registration Number	5651	State Code	17
Balance Sheet Date	31-03-2011		

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

Public Issue	93710	Right Issue	0
Bonus Issue	0	Placement	0

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

Total Liabilities	3409576	Total Assets	3409576
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Source of Funds

Paid up Capital	317000
Reserves and Surplus	2336023
Secured Loan	756554
Unsecured Loan	0
Deferred Tax Liability	0

Application of Funds

Net Fixed Assets	133350
Investments	247903
Net Current Assets	3023589
Deferred Tax Assets	4734
Misc. Expenditure	0

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

Turnover	5609892	Total Expenditure	5210055
Profit/ Loss before Tax	434175	Profit/ Loss after Tax	429587
Earning per share (in Rs.)	13.63	Dividend Rate%	10.00

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

Product Description	Item Code No.
Diamond Cut	710239

As per our report of even date

For B. KHOSLA & CO.

Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA

Partner
M.No.75482

Place: Mumbai

Date : 24th May 2011.

For HARIBHAKTI & CO.

Chartered Accountants
FRN No.103523W

PRASAD PARANJAPE

Partner
M.No.47296

For & On behalf of the Board

NAVNEET GOENKA

Vice Chairman & Managing Director

NITIN GOENKA

Managing Director

HEMANGI PATIL

Company Secretary



GOENKA DIAMOND AND JEWELS LIMITED

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

1. We have audited the attached Consolidated Balance Sheet of Goenka Diamond & Jewels Limited ("the Company") and its Subsidiary, (collectively referred to as "the Group") as at 31st March, 2011 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of ₹ 3,17,45,360/- as at 31st March, 2011, total revenues of ₹ 4,20,62,885 and cash inflows of ₹ 10,25,483/- for the year then ended.
The financial statements and other financial information of the said subsidiary have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statement to the extent they are derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated financial statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Goenka Diamond & Jewels Limited and its subsidiary.
5. Without qualifying our opinion, we draw attention to Note 17 of schedule XXI to the financial statements, the Company has not complied with the provisions of section 295 of the Companies Act, 1956 in as much as it has not taken prior approval of the Central Government in respect of guarantee amounting to ₹ 69.2 million (amount outstanding as at March 31, 2011- ₹ NIL) given on behalf of a firm in which a Director of the Company is a partner with more than 25% holding. The Company has made an application under section 621A for compounding the offences. Pending the outcome of this application, no adjustments have been made to financial statement.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the component, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For B. KHOSLA & Co.
Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA
Partner
M.No.75482

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

Prasad Paranjape
Partner
Membership No. 47296

Place: Mumbai
Date: May 24, 2011

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CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2011

Particulars	Schedule	Amount in ₹	
		March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	I	317,000,000	223,290,000
Reserves & Surplus	II	2,337,041,396	853,077,875
MINORITY INTEREST		-	-
LOAN FUNDS			
Secured Loans	III	756,553,733	643,257,754
Unsecured Loans	IV	198,135	255,512
TOTAL		<u>3,410,793,264</u>	<u>1,719,881,141</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	V	130,664,251	118,431,225
Depreciation		55,685,963	42,675,656
Net Block		74,978,288	75,755,569
Capital Work in progress		58,371,478	1,205,082
GOODWILL ON CONSOLIDATION		1,528,061	1,528,061
DEFERRED TAX ASSETS (refer note 4 of schedule XXI)		4,734,184	1,218,436
INVESTMENT	VI	247,700,000	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	VII	1,382,405,767	788,405,337
Sundry Debtors	VIII	2,982,538,377	2,942,276,795
Cash & Bank Balance	IX	76,124,659	64,833,619
Loans & Advances	X	71,345,743	33,510,245
		4,512,414,546	3,829,025,996
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	XI	1,435,599,258	2,163,918,804
Provisions	XII	53,334,035	56,805,719
		1,488,933,293	2,220,724,523
Net Current Assets		3,023,481,253	1,608,301,473
Misc Expenditure	XIII	-	31,872,518
TOTAL		<u>3,410,793,264</u>	<u>1,719,881,141</u>
Significant Accounting Policies and Notes to Accounts	XXI		

As per our report of even date

For B. KHOSLA & CO.
Chartered Accountants
FRN No.000205C
SANDEEP MUNDRA
Partner
M.No.75482
Place: Mumbai
Date : 24th May 2011.

For HARIBHAKTI & CO.
Chartered Accountants
FRN No.103523W
PRASAD PARANJPE
Partner
M.No.47296

Signatures to Schedules 1 to 21
For & On behalf of the Board

NAVNEET GOENKA
Vice Chairman & Managing Director
NITIN GOENKA
Managing Director
HEMANGI PATIL
Company Secretary



GOENKA DIAMOND AND JEWELS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON MARCH 31, 2011

Particulars	Schedule	Amount in ₹	
		March 31, 2011	March 31, 2010
INCOME			
Sales	XIV	5,609,892,429	5,382,027,265
Other Income	XV	34,337,560	-
		<u>5,644,229,989</u>	<u>5,382,027,265</u>
EXPENSES			
Material Cost	XVI	4,944,880,316	4,793,028,911
Manufacturing Expenses	XVII	13,504,630	3,807,617
Employee Cost	XVIII	55,088,992	24,016,423
Administrative and Selling Expenses	XIX	47,202,483	50,616,537
Finance Charges (net)	XX	79,331,891	55,477,554
Exchange Loss / (Gain) (net)*		54,220,824	6,289,086
*(refer note 11 of schedule XXI)			
		<u>5,194,229,136</u>	<u>4,933,236,128</u>
Profit before tax and depreciation		450,000,853	448,791,137
Depreciation	V	13,010,307	10,541,168
Profit after Depreciation		436,990,546	438,249,969
Less:			
Provision for taxation		8,227,287	22,245,329
Deferred Tax		(3,515,748)	517,432
Excess Provision I. Tax Written Back		(122,441)	-
Reversal of Fringe Benefit Tax		-	(201,447)
Profit After Depreciation and Tax		432,401,448	415,688,655
Less Minority Interest		-	-
Balance brought forward from previous year		842,353,133	567,953,893
Profit available for Appropriation		1,274,754,581	983,642,548
Appropriation			
Issue of Bonus shares		-	104,202,000
Proposed Dividend on Equity Shares		31,700,000	31,700,000
Tax on Proposed Dividend		5,142,533	5,387,415
Profit carried over to Balance Sheet		1,237,912,048	842,353,133
		<u>1,274,754,581</u>	<u>983,642,548</u>
Earning Per Share of Rs. 10 Each		13.72	18.62
(Refer Note No.8 of Schedule XXI)			
Significant Accounting Policies and Notes to Accounts	XXI		

As per our report of even date

For B. KHOSLA & CO.
Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA
Partner
M.No.75482

Place: Mumbai
Date : 24th May 2011.

For HARIBHAKTI & CO.
Chartered Accountants
FRN No.103523W

PRASAD PARANJAPE
Partner
M.No.47296

Signatures to Schedules 1 to 21
For & On behalf of the Board

NAVNEET GOENKA
Vice Chairman & Managing Director

NITIN GOENKA
Managing Director

HEMANGI PATIL
Company Secretary

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MAR 2011

PARTICULARS	2010-11	2009-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	436,990,546	438,249,970
Adjustment for		
Depreciation	13,010,307	10,541,165
Unrealised Exchange Difference	15,345,601	(38,318,754)
Foreign Currency Translation Reserve	(102,437)	(26,353)
Gratuity	7,439,462	158,754
Finance Charges Paid	79,331,891	55,477,554
Profit on Redemption on Current Investments	(32,968,907)	-
Operating Profit before Working Capital Changes	519,046,463	466,082,336
Adjustment for		
Trade and other receivables	(137,227,424)	(538,599,183)
Inventories	(594,266,338)	(222,534,887)
Trade payable	(685,241,440)	265,570,946
Cash generated from operations	(897,688,739)	(29,480,787)
Income Tax Paid (Net)	(18,086,711)	(13,359,847)
Fringe Benefit Tax Paid	-	(231,953)
Net cash from Operating Activities	(915,775,450)	(43,072,587)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(69,399,422)	(8,640,011)
Investments in Mutual Fund & Fixed deposits	(266,352,096)	-
Profit on Redemption on Current Investments	32,968,907	-
Net cash from investing activities	(302,782,610)	(8,640,011)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	113,497,528	113,382,184
Issue of Shares(including share premium thereon)	1,265,085,000	-
Share issue expenses	(50,995,440)	(31,872,518)
Interest & Bank Commission paid on Borrowings	(79,331,891)	(55,477,554)
Dividend Paid (Including Dividend Distribution Tax)	(37,058,192)	(1,399,442)
Net cash from financing activities	1,211,197,005	24,632,670
Net increase in Cash and Cash equivalent (A+B+C)	(7,361,055)	(27,079,929)
Cash and Cash equivalent in the Opening balance	49,259,548	76,339,477
Cash and Cash equivalent in the Closing balance	41,898,493	49,259,548
Note :		
Cash and cash equivalent include cash on hand, bank balance and cheques in hand.		
Total of Cash & Cash Equivalents (Refer schedule IX)	76,124,659	64,833,619
Fixed Deposit more than 3 months	34,226,166	15,574,071
Cash and Cash equivalent in the Closing balance	41,898,493	49,259,548
Cash in hand	3,037,519	10,170,572
Current Accounts	38,860,974	39,088,976
Total	41,898,493	49,259,548

As per our report of even date

For B. KHOSLA & CO.

Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA

Partner
M.No.75482

Place: Mumbai

Date : 24th May 2011.

For HARIBHAKTI & CO.

Chartered Accountants
FRN No.103523W

PRASAD PARANJAPE

Partner
M.No.47296

Signatures to Schedules 1 to 21
For & On behalf of the Board

NAVNEET GOENKA

Vice Chairman & Managing Director

NITIN GOENKA

Managing Director

HEMANGI PATIL

Company Secretary



GOENKA DIAMOND AND JEWELS LIMITED

Schedule Forming Part of Consolidated Balance Sheet

Particulars	Amount in ₹	
	March 31, 2011	March 31, 2010
Schedule I - SHARE CAPITAL		
Authorised		
3,30,00,000 (Previous Year 3,30,00,000) Equity Share of Rs 10 each	330,000,000	330,000,000
	<u>330,000,000</u>	<u>330,000,000</u>
Issued, Subscribed and Paid-up		
3,17,00,000 (Previous Year 2,23,29,000) Equity Shares of Rs 10 each Fully Paid up	317,000,000	223,290,000
Note:		
1. The above equity shares include 2,22,66,600 (Previous Year 2,22,66,600) shares of Rs.10/- each allotted as fully paid up bonus shares by way of capitalisation of accumulated profits.		
	<u>317,000,000</u>	<u>223,290,000</u>
SCHEDULE II - RESERVE & SURPLUS		
1. General Reserve	9,908,000	9,908,000
2. Balance in Profit & Loss A/c	1,237,912,048	842,353,133
3. Foreign Currency Translation Reserve	714,306	816,742
4. Securities Premium A/c		
Opening Balance	-	-
Add : Shares Premium received during the year	1,171,375,000	-
Less : Adjusted towards Share Issue Expenses	(82,867,958)	-
Total Reserves & Surplus	<u>2,337,041,396</u>	<u>853,077,875</u>
SCHEDULE III - SECURED LOANS		
Working Capital Facilities from Banks		
Pre Shipment Credit (refer note i & ii)	238,220,893	228,257,754
Post Shipment Credit (refer note I & ii)	491,356,840	415,000,000
Buyers Credit Loan (refer note iii)	26,976,000	-
	<u>756,553,733</u>	<u>643,257,754</u>

Notes:

Working Capital Facilities is secured by:

- i) Hypothecation of Stock-in-trade and Book Debts on pari passu basis
- ii) Further secured, on pari-passu basis: -
 - a. Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director and Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai
 - b. Personal Guarantees of all Promoter Directors of the Company.
- iii) Pledge of units of Mutual fund of Rs. 5.30 Cr. against Buyers Credit Loan.

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Schedule Forming Part of Consolidated Balance Sheet

Particulars	Amount in ₹	
	March 31, 2011	March 31, 2010
SCHEDULE IV - UNSECURED LOANS		
From Others (Other than Shareholders)	198,135	255,512
	<u>198,135</u>	<u>255,512</u>
Schedule VI - INVESTMENTS		
Current Investment -Quoted, fully paid up		
Investments in Mutual Fund	-	
ICICI Medium Term (51,39,643 units of Rs.10 each) * (Previous Year : Nil)	53,000,000	-
ICICI Blended (48,56,868 units of Rs.10 each) (Previous Year : Nil)	50,000,000	-
DSP BlackRock FMP (4,70,000 units of Rs. 10 each) (Previous Year : Nil)	4,700,000	-
IDFC Money ManagerFund (4,66,085 units of Rs.10 each) (Previous Year : Nil)	5,000,000	-
IDFC Saving Advantage Fund (98,188 units of Rs. 1000 each) (Previous Year : Nil)	135,000,000	-
	<u>247,700,000</u>	<u>-</u>
SCHEDULE VII - INVENTORIES		
(At valued and certified by the management)		
(At Lower of Cost and net realisable value)		
Raw Materials	769,799,741	442,060,621
Work-in-Progress	49,097,223	-
Finished Goods	563,508,803	346,344,716
	<u>1,382,405,767</u>	<u>788,405,337</u>
SCHEDULE VIII - SUNDRY DEBTORS		
(unsecured and considered good unless otherwise stated)		
(a) Outstanding for a period exceeding six months	541,045,725	1,852,596,435
(b) Others	2,441,492,652	1,089,680,360
	<u>2,982,538,377</u>	<u>2,942,276,795</u>
SCHEDULE IX - CASH & BANK BALANCES		
Cash On Hand	3,037,519	10,170,572
With Scheduled Banks		
-In Current Account	38,860,974	39,088,976
-In Fixed Deposits (pledged with bankers Rs. Nil (Previous Year Rs.130 Lacs) against Guarantee given by them)	34,226,166	15,574,071
	<u>76,124,659</u>	<u>64,833,619</u>



GOENKA DIAMOND AND JEWELS LIMITED

Schedule Forming Part of Consolidated Balance Sheet

Particulars	Amount in ₹	
	March 31, 2011	March 31, 2010
SCHEDULE X - LOANS & ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for which value to be received*		
Considered good	50,630,202	
Considered Doubtful	835,000	
	<u>51,465,202</u>	
Less : Provision for Doubtful Advance	(835,000)	14,350,721
Advance Tax	8,300,000	5,000,000
Security Deposit	12,415,541	14,159,524
*(Including loan to officer Rs.50,000/- , Previous Year : Nil)		
*(maximum balance during the year Rs.50,000/-, Previous Year: Nil)		
	<u>71,345,743</u>	<u>33,510,245</u>
SCHEDULE XI - CURRENT LIABILITIES		
Sundry Creditors **		
Due to Micro and small enterprises	-	-
Others	1,427,402,054	2,157,530,472
Other Liabilities	5,847,310	5,381,531
Interest Accrued ,But not due	847,397	544,551
Unpaid Dividend*	29,223	-
Due to Director in current account	1,473,274	462,250
*To be credited Investor Education Protection Fund as and when due		
** There are no amount due to Micro, Small and Medium Enterprises units (2010- Nil) as indicated by Management.		
	<u>1,435,599,258</u>	<u>2,163,918,804</u>
SCHEDULE XII - PROVISIONS		
For Gratuity	8,147,468	708,006
For Leave	-	684,399
For Income Tax (FY-09-10 & 10-11)	8,344,034	18,325,899
For Proposed Dividend (F Y 2009-10, 2010-11)	31,700,000	31,700,000
For Tax on proposed Dividend	5,142,533	5,387,415
	<u>53,334,035</u>	<u>56,805,719</u>
SCHEDULE XIII - MISC. EXPENDITURE		
(To the extent not written off or adjusted)		
Share Issue expenses	31,872,518	-
Add: Incurred during the year	50,995,440	31,872,518
	82,867,958	31,872,518
Less: Transferred to Securities Premium account	(82,867,958)	-
	<u>-</u>	<u>31,872,518</u>

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Schedule Forming Part of Consolidated Profit & Loss A/c

Particulars	Amount in Rupees	
	March 31, 2011	March 31, 2010
SCHEDULE XIV - SALES		
Local Sales	2,016,388,856	1,835,341,174
Export Sales	3,593,503,573	3,546,686,091
	<u>5,609,892,429</u>	<u>5,382,027,265</u>
SCHEDULE XV - OTHER INCOME		
Premium on forward contract	997,480	-
Profit on redemption on Current Investments	32,968,907	-
Other Income	371,173	-
	<u>34,337,560</u>	<u>-</u>
SCHEDULE XVI - MATERIAL COST		
Material Consumed		
Opening Stock of Raw Material	442,060,621	309,479,711
Add: Purchases	5,538,879,736	5,015,102,790
	<u>5,980,940,357</u>	<u>5,324,582,501</u>
Less: Closing Stock	818,631,056	442,060,621
	<u>5,162,309,301</u>	<u>4,882,521,880</u>
Purchases of Finished Goods	1,010	461,000
(Increase)/ Decrease in Stock		
Opening Stocks	346,344,716	256,390,747
Less:	-	-
Closing Stock	563,774,711	346,344,716
	<u>(217,429,995)</u>	<u>(89,953,969)</u>
	<u>4,944,880,316</u>	<u>4,793,028,911</u>
SCHEDULE XVII - MANUFACTURING EXPENSES		
Factory Water & Electricity	571,773	539,955
Factory Rent (refer note 5 of schedule of XXI)	1,365,542	1,425,927
Misc Factory Exp.	11,142,671	1,571,817
Factory Repair & Maintenance	220,804	236,168
Import Expenses	203,840	33,750
	<u>13,504,630</u>	<u>3,807,617</u>



GOENKA DIAMOND AND JEWELS LIMITED

SCHEDULE - V of FIXED ASSETS

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2010	Addition during the period	Deductions during the year	Total as on 31.03.2011	Upto 01.04.2010	Provided during the period	Adj. for deductions	Total upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
1	Leasehold Factory land	2,736,000	-	-	2,736,000	775,200	182,400	-	957,600	1,778,400	1,960,800
2	Buildings	67,279,339	400,000	-	67,679,339	18,192,140	3,692,173	-	21,884,313	45,795,026	49,087,199
3	Plant & Machinery	11,837,389	384,158	-	12,221,547	3,103,989	1,232,307	-	4,336,296	7,885,251	8,733,399
4	Electric Installation	2,286,599	-	-	2,286,599	425,260	258,912	-	684,172	1,602,427	1,861,339
5	Furniture & Fixtures	8,401,517	1,320,175	-	9,721,692	5,379,257	740,703	-	6,119,960	3,601,732	3,022,260
6	Office Equipment	3,157,217	1,387,642	-	4,544,859	923,266	425,955	-	1,349,221	3,195,638	2,233,951
7	Vehicle	9,533,575	3,123,133	-	12,656,708	8,138,586	620,351	-	8,758,937	3,897,771	1,394,989
8	Computers	3,517,343	686,271	-	4,203,614	1,886,683	873,564	-	2,760,247	1,443,367	1,630,660
9	Improvement on Leasehold Assets	9,682,247	4,931,646	-	14,613,893	3,851,275	4,983,942	-	8,835,217	5,778,676	5,830,972
	Total	118,431,226	12,233,025	-	130,664,251	42,675,656	13,010,307	-	55,685,963	74,978,288	75,755,569
	Total for Previous year	110,684,443	8,204,864	(458,082)	118,431,225	32,134,488	10,575,807	(34,639)	42,675,656	75,755,569	-
	Capital WIP									58,371,478	1,205,082

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.

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Schedule Forming Part of Consolidated Profit & Loss A/c

Particulars	Amount in ₹	
	March 31, 2011	March 31, 2010
SCHEDULE XVIII - EMPLOYEE COST		
Salaries & Wages	29,043,034	18,532,713
Director's Remuneration (refer note 6 of schedule XXI)	15,600,000	3,900,000
Contribution to Employees Fund	2,188,264	624,113
Staff & Labour Welfare	818,232	800,843
Gratuity	7,439,462	158,754
	55,088,992	24,016,423
SCHEDULE XIX - ADMINISTRATIVE AND SELLING EXPENSES		
Printing & Stationery	652,656	847,539
Rent (refer note 5 of schedule XX)	7,620,236	8,624,749
Legal & Professional	4,954,812	4,437,262
Auditors Remuneration	1,220,340	1,217,925
Directors sitting fees	240,000	240,000
Professional Tax	2,500	-
Water & Electricity	1,455,818	1,227,039
Telephone Expenses	1,596,703	1,105,759
Exhibition Expenses	2,716,445	2,912,736
Insurance	1,502,514	1,448,791
Vehicle Running & Maintenance	412,476	348,485
Advertisement Expenses	3,040,616	8,912,965
Annual Listing fees	147,802	-
Donation	104,702	1,364,710
Office Expenses	5,409,141	984,299
Provision for Doubtful Advance	835,000	-
Discount on Forward Contract	-	862,500
ROC Fees	28,560	-
Repair & Maintenance	1,752,658	1,211,760
Membership Fees	285,769	255,885
Security Services charges	1,126,694	912,976
Travelling Expenses	807,253	5,744,365
Business Promotion	4,132,480	5,771,911
Commission & brokerage	219,248	25,910
Conveynce Expenses	309,249	248,499
Export Expenses	1,923,718	1,473,903
Commission on Sales (other than sole agent)	705,093	436,569
	47,202,483	50,616,537
SCHEDULE XX - FINANCE CHARGES		
Bank Charges & Commission	12,855,836	11,753,280
Interest Bank (Net)	72,221,528.20	44,902,355
Less : Interest received on FD	(5,745,473.49)	(1,178,081)
(TDS Rs. 5,72,741/- (Previous Year Rs. 2,09,145/-)	79,331,891	55,477,554



GOENKA DIAMOND AND JEWELS LIMITED

SCHEDULES Forming Part of Consolidated Accounts For the period ending on 31st March 2011

SCHEDULE XXI – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies.

1. Basis for Preparation of Consolidated Financial Accounts.

- (a) The consolidated financial statement relates to **Goenka Diamond And Jewels Limited**, (the holding Company) and its Subsidiary “M.B.Diamond,LLC” (together referred to as ‘GDJL Group’) and has been prepared in compliance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provision of the Companies Act, 1956.
- (b) The consolidated financial statement has been prepared under historical cost convention on an accrual basis.

2. Principle of Consolidation.

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

Name of Subsidiary	Country of Incorporation	Ownership Interest/ Voting Power	Financial Year Period
M.B. Diamonds LLC	Russia	95%	April 10 to Mar 11

- (b) The Consolidated financial statement has been prepared on the following basis.
- (i) The consolidated financial statement has been prepared in accordance with the Accounting Standard 21, “Consolidated Financial Statement “ issued by The Institute of Chartered Accountants of India.
- (ii) The financial statements of GDJL Group have been consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in un-realized profits or losses.
- (iii) The consolidated financial statement has been prepared by using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as those of the parent company’s independent financial statements unless stated otherwise.
- (iv) The operations of foreign subsidiary have been considered by the management, as non integral operations as described Accounting Standard – AS 11 (revised) “Accounting for the effects of changes in foreign exchange rates” issued by ICAI.
- (v) The difference between the cost to the company of its investments in the subsidiary and its portion of equity of subsidiary at the date it became subsidiary is recognized in the financial statement as Goodwill or Capital Reserve, as the case may be. This is based upon determination of pre-acquisition profits/losses and of net worth on the date of acquisition determined by the management on the basis of certain estimates which have been relied upon by the auditors.
- (vi) Minority Interest in the consolidated financial statement is identified and recognized after taking into consideration;
- The Minority’ share of movement in equity since the date parent-subsidiary relationship came into existence.
 - The Profits/loss attribute to the minority is adjusted against the income of the group in order to arrive at the net income attribute to the company.
- (vii) As per requirement of AS-28 “Impairment of Assets” issued by ICAI, the management is of the opinion that there is no impairment of goodwill (on consolidation) except as provided in the financial statement.
- (viii) All Employees’ related benefits including social security have been provided in accordance with the laws of the country in which the individual entity is operating.
- (ix) The financial statements of M.B.Diamonds, LLC for the period April 2010 to March 2011 have been prepared & are audited as per the generally accepted principles (GAAP) of the country in which it operates, and the same is being considered for the purpose of consolidation.
- (x) Other significant accounting policies are as set out in standalone financial statement of **Goenka Diamond and Jewels Limited**, to the extent applicable.

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B. Notes to Accounts

1. Movement in Minority Interest

Particular	Minority Interest as at Opening	Loss attributed to Minority in earlier year recouped by the group during the year	Deduction during the year	Minority Interest as at end of the year
Share Capital	Rs. 849	Nil	Nil	Rs. 849
Reserve & Surplus	Rs. (2,13,887)	Rs.32,782	Nil	Rs. (1,81,105)*
Total	Rs. (2,13,038)	Rs.32,782	Nil	Rs. (1,80,254)

Losses applicable to Minority exceeding the minority interest in the equity of the subsidiary at the time of making the investments have been charged to Consolidated Profit & Loss Account.

*Represents losses of subsidiary in excess of minority interest share in equity absorbed by the controlling company.

2. Contingent Liabilities

(Figures in Rs.)

Particulars	As at March 31,2011	As at 31.03.2010
A Guarantees* given to banks for loans taken by other (refer note. 3)	-	6,92,97,000
B Disputed Tax Matters		
-Income Tax	33,89,347	33,89,347
C Estimated amount of contract remaining to be executed on capital account and not provided for	83,57,170	-

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

4. Deferred Tax Assets comprises of the Following

Particulars	As at March 31,2011	As at March 31, 2010
A Deferred Tax Assets		
i. On account of Depreciation	20,27,595	9,77,785
ii. On account of disallowance under Income Tax Act	-	-
iii. On Account of Provision for Gratuity	20,06,589	2,40,651
Total	47,34,184	12,18,436

*Note: Increase in deferred tax Assets for the period of Rs. 35,15,748 (Previous Year Rs.5,17,432) has been recognized in profit and loss account for the period.

5. Obligation towards operating Leases

● Operating Lease Obligation

[In Lacs]

	2010-2011	2009-2010
Not later than one year	70.82	83.10
Later than one year but not later than five years	60.85	175.25
Later than 5 years	-	-
Total	131.67	258.35

Rental Expenses of Rs.89.58 lakhs (Previous Year 2009-10 Rs. 100.08 lakhs) in respect of obligation under operating leases have been recognized for the period, in the profit and loss account.



GOENKA DIAMOND AND JEWELS LIMITED

6. Managerial remuneration under section 198 of the Companies Act 1956, paid or payable during the financial year to the Directors as under :

	F.Y.2010-11	F.Y.2009-10
Salary & Allowance	1,44,76,800	39,00,000
Contribution to Provident Fund	11,23,200	-
Total	1,56,00,000	39,00,000

Note:

1. The employees wise break up of liability an account of retirement benefit scheme based on actuarial valuation is not ascertainable.
2. In the absence of commission payable, the computation of net profits in accordance with section 198(1) of the Companies Act, 1956 is not given.

7. **Related Party Disclosure**

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

Enterprises in which directors are interested/Associates

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

Key Managerial Personnel

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

Relative of Key Managerial Personnel

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

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B. List of related parties with whom transactions have taken place and relationship:

Nature of Transactions	Key Managerial Personnel		Relative of Key Managerial Personnel		Associates	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Transactions during the year						
Rent Paid						
Nandlal Goenka	9,90,000	4,95,000	-	-	-	-
Navneet Goenka	9,00,000	4,50,000	-	-	-	-
Nitin Goenka	9,00,000	4,50,000	-	-	-	-
Remuneration						
Nandlal Goenka	60,00,000	15,00,000	-	-	-	-
Navneet Goenka	48,00,000	12,00,000	-	-	-	-
Nitin Goenka	48,00,000	12,00,000	-	-	-	-
Perquisites						
Navneet Goenka	7,10,160	1,99,200	-	-	-	-
Others	79,200	45,600	-	-	-	-
Issue of Bonus Shares						
Nandlal Goenka	-	9,85,000	-	-	-	-
Navneet Goenka	-	3,91,538	-	-	-	-
Nitin Goenka	-	4,09,762	-	-	-	-
Others	-	-	-	48,58,000	-	1,59,60,000
Dividend Paid						
Nandlal Goenka	98,55,000	5,25,600	-	-	-	-
Navneet Goenka	39,15,375	1,90,680	-	-	-	-
Nitin Goenka	40,97,625	2,00,400	-	-	-	-
Others	-	-	10,41,000	91,900	34,20,000	1,82,400
Security Deposit						
Nandlal Goenka	50,000	50,000	-	-	-	-
Navneet Goenka	50,000	50,000	-	-	-	-
Nitin Goenka	50,000	50,000	-	-	-	-
Due in Current Account						
Nandlal Goenka	6,74,854	1,54,250	-	-	-	-
Navneet Goenka	2,13,484	1,56,500	-	-	-	-
Nitin Goenka	5,89,936	1,51,500	-	-	-	-

8. Earning Per Share

Particulars	As at March 31, 2011	As at March 31, 2010
Nominal value of Shares (Rs.)	10	10
Number of shares Outstanding During the Year	31,700,000	22,329,000
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	31,520,282	22,329,000
Adjusted profit/(loss) after tax attributable to equity Shareholder for Basic and Diluted EPS	432,401,449	415,688,656
Basic- Earning per Share	13.72	18.62
Diluted-Earning per Share	13.72	18.62



GOENKA DIAMOND AND JEWELS LIMITED

9. Consolidated 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 GDJL Group are more identifiable and associated with the method of distribution of Products and hence, the company has identified two reportable segment viz. Diamond & Gems and Retail Jewellery Operations.
- The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis. The amounts, which are not allocable to any segment, are shown unallocable under respective heads.

Particulars	As at March 31, 2011				As at March 31, 2010			
	Diamond & Gems	Jewellery	Unallocable	Consolidated Total	Diamond & Gems	Jewellery	Unallocable	Total
Primary Segment (by Product)								
Revenue								
Segment Revenue	3,884,560,418	1,725,332,011	-	5,609,892,429	3,839,412,824	1,542,614,441	-	5,382,027,265
Results								
Segment Results	379,329,006	158,338,189	-	537,667,195	290,041,099	200,434,992	-	490,476,092
Exchange Gain (Net)				(54,220,824)				(6,289,086)
Operating Profit				483,446,371				484,187,006
Interest Income				34,337,560				-
Unallocable Expenses				(14,317,329)				1,315,566
Interest Expenses				(66,476,055)				(47,252,601)
Net Profit before tax.				436,990,548				438,249,970
Segment Assets	3,527,110,137	1,009,818,215	362,798,205	4,899,726,557	3,165,155,325	666,262,275	72,315,553	3,903,733,153
Segment Liabilities	2,087,332,810	97,586,965	60,765,385	2,245,685,160	2,571,509,537	216,601,336	71,126,916	2,859,237,790
Net Capital Employed	1,439,777,337	912,231,250	302,032,820	2,654,041,397	593,645,788	449,660,939	1,188,636	1,044,495,363
Capital Expenditure	6,637,923	59,034,934	4,931,646	70,604,504	7,196,570	1,443,441	-	8,640,011
Depreciation & Amortization	6,207,922	3,548,120	3,254,265	13,010,307	6,819,595	3,721,573	-	10,541,168
Non Cash expenses other than Depreciation & Amortization	-	-	-	-	-	-	-	-
Secondary Segment (by Geographical area)								
Geographical Location	Domestic	Rest of the world		Total	Domestic	Rest of the world		Total
Revenue	2,016,388,856	3,593,503,573	-	5,609,892,429	1,821,745,605	3,560,281,660	-	5,382,027,265
Segment Assets	1,460,834,157	3,438,824,569	-	4,899,658,726	942,124,210	2,960,991,392	-	3,903,115,602
Segment Liabilities	267,739,846	1,977,877,479	-	2,245,617,325	668,926,110	2,189,694,130	-	2,858,620,240
Net Capital Employed	1,193,094,317	1,460,947,090	-	2,654,041,397	273,198,100	771,297,263	-	1,044,495,363

- The holding company adopted the Accounting Standard (AS-15) (Revised 2005) “Employee Benefits” issued by ICAI effective from April 01, 2007. Consequent to the adoption of accounting standard 1(AS 15)(Revised 2005) “Employee Benefits”, a provision of Rs.7,08,006/- and Rs.74,39,462 has been provided for the year ended March 31, 2010 and period ended Mar. 31,2011 respectively.
- During the year, the Company’s, GM – Treasury, (since suspended pending enquiries) executed forward contracts on behalf of the company in excess of the limits as specified in the employment contract duly signed by him on account of which the company suffered a loss to the tune of Rs.937.87 lacs which has been netted off against exchange loss / (gain) in P/L A/c of Rs.542.21 lacs.
- The previous figures have been regrouped & rearranged wherever necessary.

As per our report of even date

For B. KHOSLA & CO.

Chartered Accountants
FRN No.000205C

SANDEEP MUNDRA

Partner
M.No.75482

Place: Mumbai

Date : 24th May 2011.

For HARIBHAKTI & CO.

Chartered Accountants
FRN No.103523W

PRASAD PARANJAPÉ

Partner
M.No.47296

Signatures to Schedules 1 to 21

For & On behalf of the Board

NAVNEET GOENKA

Vice Chairman & Managing Director

NITIN GOENKA

Managing Director

HEMANGI PATIL

Company Secretary

21st Annual Report 2010-2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 OF THE RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE YEAR 2010-2011

Name of the Subsidiary Company		M. B. Diamonds, LLC
1.	The Financial year/period of the Subsidiary Companies ended on	31st March 2011
2.	Date from which they became Subsidiary Companies	March 10, 2008
3.	a. Number of shares held by the Company with its nominees in the subsidiaries at the end of the financial year of the Subsidiary Companies	9,500
	b. Extent of interest in the Subsidiary Company	95%
4.	The Net aggregate amount of the Subsidiary Companies Profit/(loss) so far as it concerns the members of the company	
	a) Not dealt with in the Company's accounts	
	i) for the financial year ended 31st March 2011	----
	ii) for the previous financial years of the Subsidiary Companies since they became the Company's subsidiaries	----
	b) Dealt with in the Company's accounts	
	i) for the financial year ended 31st March 2011	Rs.6,55,650
	ii) for the previous financial years of the Subsidiary Companies since they became the Company's subsidiaries	Rs.(28,66,119)

For & On behalf of the Board
NAVNEET GOENKA
Vice Chairman & Managing Director

NITIN GOENKA
Managing Director

HEMANGI PATIL
Company Secretary

Place: Mumbai
Date : 24th May 2011.



GOENKA DIAMOND AND JEWELS LIMITED

NOTE

NOTE



GOENKA DIAMOND AND JEWELS LIMITED

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

PROXY FORM

Annual General Meeting 2010-2011

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 21st Annual General Meeting of the Company to be held at "Hotel Park Prime", Orchid Hall,C-59, Prithviraj Road, Jaipur-302001 on Friday, 30th September, 2011 at 10.30 a.m. and at any adjournment thereof .

Signed this _____ day of _____, 2011

Address _____

Member's Signature _____

Affix Rs.1
Revenue
Stamp

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



GOENKA DIAMOND AND JEWELS LIMITED

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

ATTENDANCE SLIP

Annual General Meeting 2010-2011

I hereby record my presence at the 21st Annual General Meeting of the Company at "Hotel Park Prime", Orchid Hall,C-59, Prithviraj Road, Jaipur-302001 on Friday, 30th September, 2011 at 10.30 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.

