



**Gitanjali Gems Limited**

Annual Report 2014 - 15



**GITANJALI**

TRUST FOREVER



## HIGHLIGHTS



Gitanjali Group is the world's largest integrated branded jewellery manufacturer-retailer with an annual turnover of nearly \$2billion. Established in 1966, today its activities span the entire value chain from diamond sourcing, diamond and jewellery manufacturing to jewellery branding and retailing across India and abroad.

The Group pioneered the jewellery retail revolution in India by launching 'Gilli' way back in 1994. It today owns a bouquet of Indian and International brands to cater to the global markets.

Gitanjali is known to be the Powerhouse of brands. To support the expansion of its brands, Gitanjali has also constantly engaged in channel innovations and is today present across multiple retail formats across the world.



### Operational Highlights

- Significant global presence in the top five jewellery markets of the world
- One of the largest manufacturers of precious jewellery owning the largest jewellery manufacturing facility in Thailand
- Largest number of well established Indian and International jewellery brands
- Innovating and pioneering culture - Constant design, product and channel innovations
- One of the largest and most well-entrenched retail network across the globe supported by a strong back-end
- Well balanced and well-diversified business model

### Financial Highlights

8%



SALES

37%



EBITDA

185%



PAT



**Mehul C. Choksi**  
Chairman and Managing Director,  
Gitanjali Group

Dear Shareholders,

The financial year 2015 has reinstated Gitanjali's striving spirit. Post the fall out of the RBI regulations in 2013 to curb gold imports, the entire industry including your company were significantly impacted.

However, Gitanjali has shown immense resilience and has devised strategies to not only minimize the impact of these policies but also immunize itself from further such macro-economic measures. Starting the second half of the financial year 2015, the government did withdraw its restrictive measures on gold to a great extent. The 80:20 norm was rolled back, the Gold Metal Loan (GML) was reinstated, however the banks are yet to fully adopt and implement the GML.

In the light of the regulatory environment, since FY 2014, the company had started realigning its business model to focus more on studded jewellery and on its international markets. This rebalancing of the portfolio continued through the financial year 2015 and has stood the company in good stead.

Gitanjali, has primarily been a diamond jewellery player, however, to support its retail expansion, the company had, over the past few years started introducing significant amount of gold in its portfolio. The company's product mix of gold and diamond ensured a CAGR of 30% in sales from 2009 to 2013. The measures which were taken by the government to curb the gold imports and improve the current account deficit had resulted in lack of gold availability. This led to a decline in your company's turnover. Further, the disallowing of the GML resulted in a significant increase in the cost of capital, thereby impacting margins.

In the face of the above challenges, the company relentlessly strategized to bring about changes in its business model in terms of product mix as well as channel and geographic mix. Gitanjali strategically shifted its focus back on its high-margin studded Jewellery business and on its international business in USA, UAE and other fast growing markets. Further, the company had to significantly rationalize its operational costs primarily the manpower and administration costs. These efforts initiated by the company in 2014, have started showing results now and the same has been visible in the 2015 performance.

The company has also been aggressively and consistently engaged in persuasive interactions with its bankers to modify the loan facilities in a way that will restore the cost of capital. Our bankers have been very supportive and the resultant impact is likely to be seen over the next few quarters.

Gitanjali has been focusing more on value creation for its stakeholders than on revenue growth. A shift in focus towards studded jewellery which not only is margin accretive but also the company's core competency has been underway and is playing out well. The focus is also on segments like

alternate metals and low carat gold. Your company is focused on expanding its studded jewellery business and on introducing collections using natural coloured gemstones. In keeping with this, it has upgraded all its diamond and studded jewellery manufacturing facilities across all locations. The company aims to optimise the production facility at each centre and has introduced modern manufacturing techniques such as electroforming, stamping, laser cutting, enamelling, etc to ensure it offers unique products and retains its leadership in the industry.

Gitanjali understands the evolving consumer and as part of its innovative strategies, it has been exploring the digital platform aggressively with many renowned e-com partners as well as through its own sites. The company is increasing its online presence through strategic alliances, and is also exploring innovative channels for sales to cater to the impulse buying behavior of consumers. Gitanjali is working on a brick (BIS) and click (E-Com) model in its major markets. Going forward, the company plans to globally expand the Points of Sale through the shop-in-shop route to support the expansion of this Brick & Click strategy and become one of the largest players in this unique category.

Gitanjali's international business has been witnessing a steady growth. We intend to further strengthen and consolidate our international portfolio. The focus is on consolidating our presence in the high margin mature markets such as USA, Japan and Middle East. Gitanjali is also planning to capitalize on the fast growing newer markets such as Russia, Africa and South East Asia through strategic alliances. Gitanjali's international presence allows it to balance its portfolio across geographies.

The Company's growth engine going forward would be e-commerce, affordable jewellery and global expansion through organic as well as inorganic routes primarily in high margin markets such as US. The company is focused on growing the studded jewellery business worldwide via innovative selling concepts such as e-commerce and other impulse purchase points. The strategy remains to expand this profitable business going forward. The expansion of affordable jewellery shall support the group's digital growth. With these growth strategies we expect exponential growth over the next 2 years. We believe that with its strong brand portfolio, global manufacturing capabilities,

and wide-spread distribution, your company is in a position to successfully achieve its objectives.

The Indian Jewellery market has witnessed a slowdown throughout the year 2014-15. However, going forward we see recovery and a pick-up in sales of jewellery. Gitanjali, with its scale of operations has been able to expand its offerings and explore innovative selling concepts which have seen considerable success so far. The company has also been expanding its international presence. Keeping in with its global and digital expansion, Gitanjali constantly comes up with design and product innovations. We expect that our global expansion coupled with the recovering diamond jewellery market and improving margins on account of increased studded jewellery sales, reducing interest burden and rationalized operational costs shall contribute to a stronger year next year.

As a company, we recognize the complexities that currently face the industry and are continuously working towards ensuring that we mitigate risks to the best possible extent. Our manufacturing capacities, designing and branding capabilities and global distribution network help us achieve our objectives while maintaining operational scale and efficiencies.

Our understanding of the industry dynamics and our efforts towards maintaining our strong brand recall, constant innovations and design concepts will fuel our growth. With a strong portfolio of leading Indian and international jewellery brands, one of the world's largest manufacturing base and a wide-spread distribution network in India and overseas, we are confident we would be able to successfully execute our strategy.

I would like to place on record my sincere appreciation to all employees, lenders, shareholders and other stakeholders, for their dedication, support and faith in your company. Thank you for being an integral part of this journey of growth. We are committed to improving operational efficiencies and to constantly try and differentiate ourselves in the global market so as to build a stronger and sustainable organisation.

Warm regards,

Mehul C. Choksi  
Chairman and Managing Director



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## PROFILE OF DIRECTORS

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A brief profile of all the Board members are as under:-

### **Mr. MEHUL CHOKSI**



A commerce graduate has been associated with the gems and jewellery industry for over three decades. He has wide experience in the diamond and Jewellery industry having an exposure to the entire range of activities, from buying roughs to processing, manufacturing and retailing of jewellery. He has been instrumental in bringing branded jewellery revolution in India and has launched several successful jewellery brands. He has also been a pioneer in corporatizing the jewellery industry in India. He steers the group vision and strategy with his deep knowledge and foresight

### **Mr. DHANESH SHETH**






A Commerce Graduate has been associated with Gitanjali since its inception. He advises the company on procurement, processing, bagging and selling of rough and polished diamonds and other aspects of Business Development pertaining to diamond division of the Company.

### **Mr. NEHAL MODI**



He is BA finance and marketing from Boston University having vast experience the industry at top management positions. He has been instrumental in growth of Company's business in United States since 2001.

<b>Mr. VINOD JUNEJA</b>	
	Mr. Vinod Juneja is B.Com (Hon.), M. Com., L.L. B. & Ph D. and is having 30 years of vast experience in Banking sector with expertise in International Banking, Foreign exchange Syndication and Marketing. In his extensive carrier he held top positions in organizations such as Sanwa Bank of Japan, Chohung Bank of Korea and Sumitomo Bank. He also served as Deputy Managing Director of Bank of Rajasthan Ltd and Chairman of Indian Overseas Bank. He has been appointed on the board of the Company to act as an Alternate Director to Mr. Nehal Modi who resides in United States.
<b>Mr. S. KRISHNAN</b>	
	A Masters Degree holder in commerce besides being a D.M.M., M.F.M., he is a leading professional in the financial services industry and has vast experience in banking, fund management and capital market operations. He has held top management positions in TAIB Bank E.C., TAIB Securities, Everest Fund, Aldercrest Trading Limited and First Bank with Professional experience and exposure in USA, Europe, Middle East, Africa and India.
<b>Ms. NAZURA AJANEY</b>	
	Ms. Nazura Ajaney is a commerce graduate and she has been involved with an NGO, Helix Aids Foundation that worked in the Field of HIV/AIDS. Her responsibilities included rehabilitating women and children with HIV/AIDS along with providing support, advice and creating awareness of these cases for maximum relief to the affected. She is currently CEO of Childology which is involved in the CSR activities where children from underprivileged background are offered targeted intervention to improve their academic grades and improve their chances of success in life.

## COMPANY INFORMATION

<b>Board of Directors</b>	
Mr. Mehul Choksi	Chairman & Managing Director
Mr. Nehal Modi	Non -Executive Director
Mr. Dhanesh Sheth	Non -Executive Director
Mr. Vinod Juneja	Alternate Director to Mr. Nehal Modi
Mr. S. Krishnan	Independent Director
Ms. Nazura Ajaney	Independent Director

### Registered Office

A-1, 7th Floor, Laxmi Tower,  
Bandra – Kurla Complex,  
Bandra (E) Mumbai – 400051  
Tel: +91-022-40354600  
Fax: +91-022-40102005

### Company Secretary & Compliance Officer

Ms. Pankhuri Warange

### Chief Financial Officer

Mr. Chandrakant Karkare

### Statutory Auditors

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

### Registrar & Transfer Agent

Karvy Computershare Private Limited  
Gitanjali Gems Limited Unit  
Karvy Selenium Tower B, Plot No.31-32,  
Gachibowli, Financial District, Hyderabad-500081  
Phone: 040-67162222, Fax: 040-23001153,  
Email: einward.ris@karvy.com  
www.karvy.com

<b>Sr. No.</b>	<b>Name of Bank</b>
1	Allahabad Bank
2	Andhra Bank
3	Bank of Baroda
4	Bank of India
5	Bank of Maharashtra
6	Canara Bank
7	Catholic Syrian Bank
8	Central Bank of India
9	Corporation Bank
10	Dena Bank
11	EXIM Bank
12	ICICI Bank Ltd
13	IDBI Bank
14	Indian Overseas Bank
15	IndusInd Bank Ltd
16	Jammu and Kashmir Bank Ltd
17	Karnataka Bank Ltd
18	Karur Vysya Bank
19	Lakshmi Vilas Bank Ltd
20	Oriental Bank of Commerce
21	Punjab & Sind Bank
22	Punjab National Bank
23	Standard Chartered Bank
24	State Bank of Bikaner & Jaipur
25	State Bank of Hyderabad
26	State Bank of India
27	State Bank of Mauritius
28	Syndicate Bank
29	Union Bank of India
30	United Bank of India
31	Vijaya Bank



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## NOTICE

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**NOTICE** is hereby given that the 29th Annual General Meeting of the Members of Gitanjali Gems Limited will be held on Wednesday, September 30, 2015 at 9.00 A.M. at Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2015, the Statement of Profit and Loss for the year ended March 31, 2015, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Nehal Modi (holding DIN 02861450), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, having ICAI firm registration no. 102860W, Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till conclusion of next Annual General Meeting and to authorise the Board to fix their remuneration.

**By Order of the Board of Directors**

**(Pankhuri Warange)**  
**Company Secretary**

**Place: Mumbai**

**Date: August 14, 2015**

**NOTES:**

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- b) Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Annual General Meeting.
- c) A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder.
- d) Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- e) Members desirous of obtaining any information as regards accounts of the Company are requested to write to the Company at least one week before the Meeting, so that the information required will be made available at the Annual General Meeting.
- f) Pursuant to clause 16 of listing agreement, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 19, 2015 to Wednesday, September 30, 2015 (both days inclusive) for the purpose of AGM.
- g) Members/Proxies are requested to bring the Attendance Slip(s) duly filled in.
- h) Electronic copy of annual report alongwith notice of the 29th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all

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## NOTICE

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the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the annual report alongwith Notice of the 29th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent through the permitted mode.

- i) Members may also note that the Notice of the 29th Annual General Meeting and the Annual Report for the year 2015 will also be available on the Company's website [www.gitanjaligroup.com](http://www.gitanjaligroup.com) for their download. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's designated email id: [investors@gitanjaligroup.com](mailto:investors@gitanjaligroup.com).
- j) Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide to the members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("**remote e-voting**") will be provided by Karvy Computershare Private Limited (Karvy):

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on Saturday, September 26, 2015 (9:00 a.m.) and ends on Tuesday, September 29, 2015 (5:00 p.m.). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 23, 2015 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The process and manner for remote e-voting is as under:

**I. In case a Member receives an email from Karvy [for members whose email IDs are registered with the Company/Depository Participants(s)]:**

- (i) Open your e-mail. The login credentials (i.e., user-id & password) will be mentioned in the mail. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following <http://evoting.karvy.com>
- (iii) Put user ID and password as initial password noted in step (i) above. Click Login.
- (iv) Members holding shares in Demat/ Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through **Karvy Computershare Private Limited e-Voting platform**. System will prompt you to change your password and update any contact details like mobile number, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve

your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (v) You need to log in again with the new credentials
- (vi) On successful login system will prompt to Select the evoting event of Gitanjali Gems Limited.
- (vii) If you are holding shares in Demat form and had logged on to “<https://evoting.karvy.com>” and casted your vote earlier for any company, then your exiting login id and password are to be used.
- (viii) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (ix) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (x) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at ‘[scrutinizer@mgconsulting.in](mailto:scrutinizer@mgconsulting.in)’ with a copy marked to ‘[evoting@karvy.com](mailto:evoting@karvy.com)’

**II. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:**

- i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
  - ii) Please follow all steps from Sl. No. (ii) to Sl. No. (ix) mentioned in the above section, to cast vote.
- k) In case of any queries, you may refer to the ‘Frequently Asked Questions’ (FAQs) and ‘e-voting user manual’ available in the downloads section of Karvy’s e-voting website <https://evoting.karvy.com>. If you are already registered with Karvy Computershare Private Limited for e-voting then you can use your existing user ID and password for casting your vote.
- l) Mr. Manish Ghia, Partner, of M/s Manish Ghia & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- m) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- n) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, and provide the same to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- o) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.gitanjaligroup.com](http://www.gitanjaligroup.com) and on the website of <https://evoting.karvy.com> immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai.

**By Order of the Board of Directors**

**(Pankhuri Warange)**  
**Company Secretary**

Place : Mumbai  
Date : August 14, 2015

**Details of directors seeking appointment/reappointment in Annual General Meeting pursuant to Clause 49 of Listing Agreement of Stock Exchanges**

<b>Name of Director</b>	Mr. Nehal Modi
<b>Date of Birth</b>	March 3, 1979
<b>Date of Appointment</b>	October 29, 2009
<b>Expertise in specific function area</b>	He is having rich handson experience of Gems and Jewellery sector. He has been instrumental in the growth of Company's business in USA since 2001.
<b>Qualification</b>	B.A in Finance and marketing from Boston University
<b>List of outside Directorships held</b>	Gitanjali USA Inc. Jewellery Marketing Company L.L.C Diamlink Inc Samuels Jewelers Inc Tri – star Worldwide L.L.C GGL Diamond LLC Diamlink Jewellery Inc. LJOW Holdings, LLC
<b>Chairman/ Member of the Committee of the Board of Directors of the Company</b>	NA
<b>Chairman/ Member of the Committee of the Board of Directors of other Companies</b>	NA
<b>Number of shares held in the Company as on March 31, 2015</b>	NIL

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report on the business and operations of your Company for the year ended March 31, 2015.

### FINANCIAL RESULTS

(Rs in lacs)

	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Sales & Other Income	720983.03	734308.46	1157959.01	1244555.98
Expenditure	666305.00	694670.98	1047036.68	1163401.76
Finance Cost	52365.17	41418.56	90416.25	73631.46
Depreciation & Ammortisation Expenses	459.11	476.14	4688.68	3827.33
Exceptional Items	0.28	(137.37)	(6975.65)	(73.47)
Profit before Taxes	1854.03	(2394.59)	8841.75	3621.97
Provision for Current Tax	370.00	-	858.42	769.37
Provision for Deferred Tax	(32.38)	(129.38)	(194.64)	(367.10)
Provision for MAT	(370.00)	-	(780.19)	(374.60)
Net Profit / (loss) for the year	1886.41	(2265.21)	8958.16	3594.30

### COMPANY'S PERFORMANCE

During the year under review, standalone sales and other income stood at ₹ 720983.03 lakhs. After meeting all expenditures, Company made a net profit of ₹ 1886.41 lakhs on standalone basis.

Further during the year under review, consolidated sales and other income stood at ₹ 1157959.01 lakhs. After meeting all expenditures, Company made a net profit of ₹ 8958.16 lakhs on consolidated basis.

### BUSINESS REVIEW

#### Gitanjali Gems Ltd. (GGL)

“GGL” was incorporated in 1986 and was primarily engaged in the traditional diamond cutting and polishing business. It also enjoys sight holder status with the Diamond Trading Company. Currently GGL is engaged in sourcing rough diamonds, cutting and polishing diamonds and manufacturing jewellery. The jewellery manufactured is primarily to service the group's international operations.

The diamond cutting and polishing process is labour-intensive and requires a special skill set. The manufacturing facilities are strategically located in Mumbai, Surat and Hyderabad where the diamond industry thrives. Rough diamonds which are procured are sorted or graded on the basis of colour, shape, clarity, cut and weight. In order to ensure optimum yield of polished stones from the rough

diamonds, the cutting process is carefully planned. The key steps in the process are Marking, Cleaving, Sawing, Cutting and Polishing. The final stages of the diamond manufacturing process consist of checking for damage, cleaning and the final sorting before marketing to the customer.

Over the years, GGL has incorporated and acquired many companies to integrate vertically through the jewellery value chain and to graduate from diamond and jewellery manufacturing to jewellery branding and retailing. Gitanjali Gems is the strong leg in the entire supply chain and is the strategic arm of the group which ensures a consistent supply of cut and polished diamonds to the branded jewellery manufacturing segment of the business thereby fuelling the company's growth in the branding and retailing space. Spearheaded by a veteran like Mr. Mehul Choksi, who has been a visionary, the company has, over the years, expanded via strategic organic and inorganic endeavors and grown to become one of the largest integrated jewellery players in the world.

#### Gitanjali Group

Gitanjali Group is one of the largest integrated branded jewellery manufacturer-retailer with an annual turnover of around USD 2 billion. The Group's activities are spread across the entire value chain from rough diamond

sourcing, cutting, polishing and distribution, to jewellery manufacturing, branding and retailing in India and abroad. Gitanjali Gems Limited, the flagship Company is the listed entity of the group and it is the ultimate holding company of all the other entities which are engaged in branding and retailing jewellery and lifestyle products.

### **Diamond and Jewellery Manufacturing**

Gitanjali is a vertically integrated player in the jewellery space. Diamond sourcing and jewellery manufacturing form the first leg of the jewellery value chain for Gitanjali. For over five decades now, Gitanjali has been sourcing rough diamonds and cutting and polishing them at its state of the art manufacturing facilities. This is the traditional business of the group and it is supported by strong back-end of the supply chain which fuels the group's jewellery manufacturing, branding and retailing endeavours. The group houses a team of top notch designers who provide key inputs for manufacturing jewellery in sync with the latest trends prevalent in the market. The group's designing strengths is considered as its key asset. The group has been consolidating its manufacturing facilities across the globe for optimal production. Manufacturing facilities are strategically located in India and Thailand. The group's facility in Thailand is one of the largest in Thailand and manufactures modern jewellery collections. Presence in manufacturing allows the group flexibility in adapting to changing consumer trends and also provides a certain level of immunization against price risks. Gitanjali is looking to further strengthen its manufacturing capabilities to enable it to constantly innovate and address evolving tastes and preferences of consumer.

### **India Jewellery Branding and Retailing**

The Group has been pioneer in the jewellery retail revolution in India. It owns and distributes some of the major jewellery brands in the country including *Gili*, *Nakshatra*, *Asmi*, *D'Damas*, *Sangini*, *Nizam* and *Parineeta* to name a few. Gitanjali's vast array of brands was developed primarily to cater to diverse age groups, occasions, price points and geographies.

The group has leveraged upon this inherent brand strength by extending its brands to include lifestyle categories such as apparels under the *Gili* and *Diya* brands which have been reasonably successful ventures.

Gitanjali has been an innovator and has been continuously evolving to cater to the changing consumer tastes and preferences. Gitanjali is known for its product, design

and channel innovations. In line with this pioneering and innovative culture, Gitanjali has created a range of "affordable jewellery" to resonate with the younger consumers, thereby widening its reach. This range has also been developed to complement the group's growth via the Brick (SIS) and Click (E-Com) Model.

The Group has a very strong retail presence, having explored multiple retail formats over the years and currently it enjoys one of the strongest franchisee, distributors and retail network in the country.

Way back in 1994, Gitanjali took the initiative to change the way jewellery was viewed in India, and today its changing the way jewellery is bought in India by exploring innovative selling options such as Online marketplaces, Television selling, Duty free stores at airports, In-flight, Cruise liners, etc.

These innovative channels not only support the affordable jewellery segment which is the company's growth engine going forward, but also, in entirety promote the concept and idea of new-age jewellery shopping.

### **International Jewellery Branding and Retailing**

The Group is present in the top five global diamond jewellery markets – USA, Japan, Middle East, China and India.

USA is the world's largest diamond jewellery market. The company is present in the US through its subsidiary Samuels Jewelers Inc – one of the largest specialty jewellery retailer in the US. Samuels is positioned at engagement and wedding rings with price point of US\$600. The Group acquired this chain in 2006, to strengthen its foothold in the world's biggest diamond jewellery market. Gitanjali achieved synergies due to in-house sourcing and cost optimization. The integrated business model with strong sourcing, low cost manufacturing capabilities and well established retail presence has been contributing to increasing market share and profitability. The US being the largest diamond jewellery market with superior margins, is one of the most ambitious markets for Gitanjali.

The next focus market for Gitanjali is UAE. The entire region is transforming from a gold heavy market to a studded jewellery market offering immense potential for Gitanjali's brands. Gitanjali started its Middle East retail operations in 2012. Currently there are 4 stores in Dubai and over 52 points of sale through Shop in shops in local malls across the Middle East. Gitanjali's plethora

of Indian and Italian brands finds an immediate connect with the tastes and preferences of the Middle East market.

Gitanjali is also present and growing in China and Japan. In China the group is present through Shop-in-shops. China is one of the largest and fastest growing diamond jewellery markets in the world. Gitanjali has so far managed to penetrate in shop-in-shops with its Italian diamond jewellery collections and is looking to expand and position itself as a leading Italian brand in this region and be available through multiple channels in the near future.

Japan is the fourth largest diamond jewellery consuming market and provides excellent margins to integrated players. In Japan, the company gained the status of a preferred supplier to the 3<sup>rd</sup> largest jewellery retail chain – Verite, through a minority stake in the same. The company also acquired a 20% stake in the largest jewellery selling TV channel - Gems TV, (IMACBC) to exploit one of the largest jewellery markets in the world. Large existing proven distribution network in Japan through Gems TV and Verite combined with low cost manufacturing capabilities will enable the next phase of expansion for Gitanjali.

The company also caters to the European Region. It has distribution tie ups with a few jewellery chains in Europe. The company acquired the assets of DIT group in Italy in 2011 which led to the ownership of popular brands like Stefan Hafner, IOSI, Porrati and Valente. The Company leveraged its worldwide marketing and distribution strength to increase the footprint of these brands across its network in India, Russia, Italy, USA and Middle East. The rationale is to create a bouquet of international brands across the rest of the world using the strength of the Italian brands and the distribution / fulfillment strength of the Indian parent.

The Company also distributes its jewellery internationally in other markets like Hong Kong, Thailand, Belgium and Australia. Its customers primarily include jewellery manufacturers, wholesalers and large retailers.

#### **DIVIDEND AND APPROPRIATION**

In order to conserve the financial resources of the Company your Directors have not recommended any dividend on equity shares. No appropriations to free reserves are proposed to be made for the year under consideration.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report of the financial condition and result of operations of the Company for the year under review as required under clause 49 of the listing agreement with stock exchanges, is given under separate section forming part of this annual report

#### **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

#### **SHARE CAPITAL**

As on April 1, 2014 the paid up share capital of the Company was ₹ 92,06,54,910/- consisting of 9,20,65,491 equity shares of ₹ 10 each. On June 4, 2014, 60,54,960 equity shares of ₹ 10 each were allotted at a price of ₹ 64.41/- to D.B. Corp Limited (DBCL) pursuant to conversion of fully convertible debenture held by DBCL. Consequent to the conversion, the paid up capital of the Company increased from ₹ 92,06,54,910/- consisting of 9,20,65,491 equity shares of ₹ 10 each to ₹ 98,12,04,510 consisting of 9,81,20,451 equity shares of ₹ 10 each.

Further, during the year under review, the Company has allotted 23,547,194 warrants on preferential basis to persons other than promoters. The said warrants carries an option / entitlement to subscribe to equivalent number of Equity Shares of ₹ 10/- each at a future date, not exceeding 18 (eighteen) months from the date of issue of such warrants at a price of ₹ 72.39/- which includes a premium of ₹ 62.39/- per share.

#### **PUBLIC DEPOSITS**

During the year under review, Company has not accepted any deposits from public under chapter V of Companies Act, 2013. No deposits which were due remained unpaid or unclaimed as at the end of the year nor there has been any default in repayment of deposits or payment of interest thereon during the year. Further, there are no deposits which are not in compliance with the requirements of Chapter V of Companies Act, 2013.

Out of the deposit accepted from the public in the previous year 2013-14, as on date ₹173.36 lacs are outstanding which will mature in current year and next year.

#### **DISCLOSURE PURSUANT TO CLAUSE 5A (I) OF LISTING AGREEMENT**

Pursuant to insertion of clause 5A (I) in Listing Agreement as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 the details in respect of the shares lying in the Gitanjali Gems Limited – Unclaimed Shares Demat Suspense Account till March 31, 2015 is as under:

<b>Sl. No.</b>	<b>Description</b>	<b>No. of Cases</b>	<b>No. of Shares</b>
i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2014	24	973
ii)	Number of shareholders who approached the Company for transfer of share from suspense account during the year 2014-15	0	0
iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2014-15	0	0
iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2015	24	973

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

#### **NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES**

During the year under review, Jewelsouk Marketplace Limited (formerly known as eGitanjali Limited), erstwhile a wholly owned subsidiary of the Company made a preferential allotment to person other than the Company to augment capital for its expansion. Pursuant to said allotment, Company's stake in eGitanjali Limited came down to 40% and as a result, its status changed from wholly owned subsidiary to an associate company.

Further, during the year under review, with a view to rationalize the group structure, holding in some of the subsidiaries e.g. Gitanjali Capital Private Limited, Shubhalavyana Jewel Crafts Private Limited, Leading

Singapore Jewels Pte Ltd, and Gitanjali Resources BVBA was sold off and they ceased to part of the group structure.

The Company through its wholly owned subsidiary Gitanjali Infratech Limited incorporated Vidarbha Multi Products SEZ Limited to set up a Special Economic Zone unit for dealing in multi products.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at [http://media.corporate-ir.net/media\\_files/IROL/19/196729/Policies\\_&\\_Codes/Policy%20for%20Determining%20Material%20Subsidiary.pdf](http://media.corporate-ir.net/media_files/IROL/19/196729/Policies_&_Codes/Policy%20for%20Determining%20Material%20Subsidiary.pdf)

A statement containing salient features of the financial statement and related information of the subsidiaries in the prescribed format AOC-1 is provided as Annexure A to the consolidated financial statement and hence not repeated here for the sake of brevity.

#### **SCHEME OF AMALGAMATION**

Subsequent to the year under review, at the Meeting of Board of Directors of the Company held on April 21, 2015, the Board has approved the "Scheme of Amalgamation" [Scheme] under Section 391 to 394 of the Companies Act, 1956 and relevant Sections of the Companies Act 2013, to the extent applicable, for amalgamation of Gitanjali Exports Corporation Limited (GECL), a wholly owned subsidiary with the Company, subject to the approval of the Scheme by Stock Exchanges, Shareholders and Creditors of the respective Companies, Hon. Bombay High Court and subject to approval of any other statutory authorities as may be required. Once sanctioned, the Scheme will be effective from the appointed date i.e. April 1, 2014. In terms of circular bearing no. CIR/CFD/DIL/5/2013 dated February 04, 2013 as amended from time to time issued by Securities and Exchange Board of India, the Company is in the process of obtaining an approval of shareholders by way of postal ballot for approving the scheme.

Further, Board of Directors of the respective Companies at their respective meeting held on April 21, 2015, approved the "Scheme of Amalgamation" [Scheme] under Section 391 to 394 of the Companies Act, 1956 and relevant Sections of the Companies Act 2013, to the extent applicable, for Merger of Asmi Jewellery India Limited and Spectrum Jewellery Limited with Nakshatra Brands Limited and Merger of Gitanjali Jewellery Retail Limited and Gitanjali Lifestyle Limited with GILI India Limited, subject to the approval of the Scheme by Hon. Bombay High Court and subject to approval of any other



statutory authorities as may be required. Once sanctioned, the Scheme will be effective from the appointed date i.e. April 1, 2014.

#### **NUMBER OF MEETINGS OF THE BOARD**

The board met 5 times in financial year 2014-15, the details of which are given in corporate governance report section that forms part of this annual report. The intervening gap between two consecutive board meetings did not exceed 120 days.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declaration from each independent director under section 149(7) of Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of Companies Act, 2013 and clause 49 of listing Agreement.

#### **POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board. The Company has put in place a policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under section 178(3) of Companies Act, 2013 appended as Annexure 1. The same can also be viewed by visiting following link:

[http://media.corporate-ir.net/media\\_files/IROL/19/196729/Policies\\_&Codes/Nomination%20and%20Remuneration%20of%20Directors,%20Key%20Managerial%20Personnel%20and%20Senior%20Management%20Policy.pdf](http://media.corporate-ir.net/media_files/IROL/19/196729/Policies_&Codes/Nomination%20and%20Remuneration%20of%20Directors,%20Key%20Managerial%20Personnel%20and%20Senior%20Management%20Policy.pdf)

#### **FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS**

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at the following link :

[http://media.corporate-ir.net/media\\_files/IROL/19/196729/Policies\\_&Codes/Familiarisation%20Programme%20for%20Independent%20Directors.pdf](http://media.corporate-ir.net/media_files/IROL/19/196729/Policies_&Codes/Familiarisation%20Programme%20for%20Independent%20Directors.pdf)

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

On the recommendation of nomination and remuneration committee, the board appointed Ms. Nazura Ajaney independent director with effect from August 13, 2014. The shareholders of the Company in the Annual General Meeting held on September 29, 2014 appointed Ms. Nazura Ajaney as independent director to hold office for a term upto September 30, 2018.

Subsequent to year under review, Mr. Swaminathan Sundararajan Mittur resigned from the post of Director of the Company due to pre occupation. The board recorded its appreciation for the contribution made by Mr. Swaminathan Sundararajan Mittur during his tenure as Director.

The Board of Directors at its meeting held on August 14, 2015 appointed Mr. Vinod Juneja to act as an Alternate Director to Mr. Nehal Modi during his absence from the country.

In accordance with Section 152 and other applicable provisions of Companies Act, 2013, Nehal Modi (DIN 02861450), being Non- Executive Director, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Board recommends his re appointment for your approval.

Further, in view of resignation of Mr. Kapil Khandelwal as Chief Financial Officer of the Company, the board of directors of the Company at its meeting held on May 30, 2014 appointed Mr. Chandrakant Karkare as Chief Financial Officer (in the category of key managerial personnel) of the Company, in terms of Section 203 of the Companies Act, 2013 read with Companies(Appointment & Remuneration of Managerial Personnel) Rules, 2014.

#### **EVALUATION**

Clause 49 of listing agreement mandates that board shall monitor and review board evaluation framework. The Companies Act, 2013 states that formal evaluation needs to be made by the board of its own performance and that of its committees and individual directors. Further Schedule IV of Companies Act, 2013 states that the performance evaluation of independent directors shall be done by entire Board of Directors, excluding director being evaluated. The evaluation of all the directors and the board as a whole was conducted based on the criteria adopted by the board.

The evaluations for the Directors and the Board were done through circulation of questionnaires which assessed the performance of the Board on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The evaluation criterion for the Directors was based on their participation, contribution and offering guidance to and understanding of the areas which are relevant to them in their capacity as members of the Board.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 134 (5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2015, the applicable accounting standards have been followed and there are no material departures from the same;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2015 and of the profit of the company for the said period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis; and
- (e) the Directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The Audited Consolidated Financial Statements are provided in this Annual Report which have been prepared in accordance with relevant Accounting Standards issued by the Institute of Chartered Accountants of India.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments are given in the notes to the Financial Statements.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188**

None of the transactions with any of related parties were in conflict with the Company's interest. The Company's major related party transactions are generally with its subsidiaries. The related party transactions are entered into based on considerations of various business exigencies such as synergy in operations, Company's long-term strategy for investments, optimization of market share, profitability, liquidity, capital resources of subsidiaries, etc.

During the year under review, the contracts or arrangements with related parties referred to in section 188 of Companies Act, 2013 have been on arms length and in ordinary course of business and they were not material in nature. Accordingly, the particulars of the transactions as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2014 are not required to be disclosed as they are not applicable.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at [http://media.corporate-ir.net/media\\_files/IROL/19/196729/Policies\\_&\\_Codes/Related%20Party%20Transactions%20Policy.pdf](http://media.corporate-ir.net/media_files/IROL/19/196729/Policies_&_Codes/Related%20Party%20Transactions%20Policy.pdf)

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

During the year under review, the Board of Directors at its meeting held on May 30, 2014 had constituted Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of Companies Act, 2013 read with rules formulated therein. The Company pursuant to the recommendation of the CSR Committee had adopted a detailed policy on Corporate Social Responsibility.

Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure 2 to this Report.

## **PARTICULARS OF EMPLOYEES**

The details in terms of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as Annexure 3A and the statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is forming part of this report as Annexure 3B

### **AUDIT COMMITTEE:**

The Audit Committee of the company consists of the following Directors:

Mr. S. Krishnan - Chairman

Ms. Nazura Ajaney

Mr. Mehul C. Choksi

The board accepted all the recommendations made by the audit committee during the year under review. The details of terms of reference, number of audit committee meetings held during the year under review, attendance, etc are separately given in the section of corporate governance.

### **VIGIL MECHANISM**

In terms of the section 177(9) of companies act, 2013 and rules framed thereunder, the Company has framed a Whistle Blower Policy with vigil mechanism with an objective of encouraging the employees of the Company to raise any concern about Company's operations and working environment, including possible breaches of Company's policies and standards, without fear of adverse managerial action being taken against such employees.

It provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of any code of conduct or policy in force. The mechanism provides for adequate safeguards against victimization of employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The reported concerns, if found appropriate, would be fully investigated and acted upon.

### **RISK MANAGEMENT POLICY**

The Company has adopted a Risk Management Policy duly approved by the Board and also in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the

businesses and functions are systematically addressed through mitigating actions on a continuing basis.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure 4 to this Director's Report.

### **AUDITORS & AUDITORS REPORT**

M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, the present Statutory Auditors retire at the ensuing Annual General Meeting and are eligible for re-appointment. The company proposes to re-appoint M/s. Ford, Rhodes, Parks & Co., Chartered Accountants as Statutory Auditors of the company from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting of the company.

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

The Company has received letter from statutory auditors that their re-appointment, if made, would be within prescribed limits under section 141(3)(g) of companies act, 2013 and they are not disqualified for re-appointment.

The auditor in their report on standalone financial statements for the year ended March 31, 2015 have stated emphasis of matter. The response of your directors on the same are as follows:

#### **Response to point (a)**

Since 2013, the Company is passing through difficult financial conditions due to extraneous factors beyond its control viz, unfavourable regulatory changes and adverse forex movement. Due to liquidity challenges, there remained an overdue of principal amount and liquid reserve was not created. However, management is confident of clearing the outstanding dues shortly and also complying with the requirement of reserve creation.

#### **Response to point (b)**

Due to liquidity challenges as mentioned above, there have been occasions during FY 2014-15 where there were few overdrawn position in some accounts. However, from time to time, the Company has been clearing the said overdrawn positions and is making best efforts to regularize the status.

#### **Response to point (c)**

The Company has been regularly honoring all its debt obligations/ statutory dues with some delays. Multiple

extraneous factors as stated earlier, have made significant negative impact on the liquidity status of the Company. The Company however is committed to pay all its outstanding undisputed statutory dues and liabilities and will pay the same gradually.

With regard to points raised in audit report on consolidated financial statements for the year ended March 31, 2015, on emphasis of matter, the directors comments are covered in reply on emphasis of matter to standalone financial statement for year ended March 31, 2015

#### **SECRETARIAL AUDITORS & THEIR REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Manish Ghia & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2014-2015. The Secretarial Audit Report has been appended as Annexure 5 to this Report.

The Secretarial Audit Report does not contain any qualification.

#### **PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, EXPENDITURE ON RESEARCH AND DEVELOPMENT, FOREIGN EXCHANGE INFLOW/OUTFLOW, ETC.**

##### **A. CONSERVATION OF ENERGY**

The operations of your company is not energy intensive. However, the Company makes its best efforts for conservation of energy in its factory and office premises.

##### **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 details of foreign exchange earnings and expenditure are as follows.

Particulars	(₹ in lakhs)
Foreign Exchange Earnings:	2,86,873.91
Expenditure in Foreign Exchange	3,38,892.99

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### **INTERNAL CONTROL AND ITS ADEQUACY**

The company has adequate internal controls and processes in place with respect to its financial statements which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. These controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically.

#### **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013**

Gitanjali's quest for competitive excellence consists of its commitment to lawful and ethical conduct and adherence to its values. Integrity, honesty and respect for people remain some of its core values. The Company is committed to provide a safe & conducive work environment to its employees and has formulated 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment.

During the year under review, no case of sexual harassment was reported.

#### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of sweat equity shares to employees of the Company under any scheme
3. Issue of shares under Employee Stock Option Scheme
4. The Managing Director of the Company is not in receipt of any commission from the Company nor he received any remuneration or commission from any of the subsidiary of the Company.

5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

#### **ACKNOWLEDGEMENT**

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

We thank the Governments of various countries where we have operations. We also thank the Government of India, Ministry of Commerce & Industry, Ministry of Corporate

Affairs, Ministry of Finance, Department of Economic Affairs, Customs & Excise Departments, Income Tax Department, Reserve Bank of India, BSE, NSE, NSDL, CDSL and various bankers, various State Governments and other Government Agencies for their support, and look forward to their continued support in the future.

On behalf of the Board of Directors

Mehul C. Choksi  
Chairman and Managing Director

Place : Mumbai

Date : August 14, 2015

## **ANNEXURE 1 TO THE DIRECTORS REPORT**

### **POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT - GITANJALI GEMS LIMITED**

#### **FOREWORD**

A transparent, fair and reasonable process for selection of directors, key managerial personnel and senior management and appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals for managing its affairs from directors level right through to support staff.

#### **REGULATORY BACKGROUND**

As per revised clause 49 of listing agreement and section 178 of the Companies Act, 2013 the Board of Directors of every listed company shall constitute a Nomination and Remuneration Committee and the role of the committee shall, *inter-alia*, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other senior management employees;
2. Formulation of criterion for evaluation Directors performance on the Board and also the performance of the Board as a whole.
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Section 178 (4) of the Companies Act, 2013 stipulates that while formulating the policy the Committee shall ensure that —

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

In view of the above, a policy is formulated and established for nomination and remuneration of Directors, key managerial personnel and senior management of the Company.

#### 1. **PURPOSE**

This Policy on nomination and remuneration (the “Policy”) describes the process through which candidates for possible inclusion in the Company’s recommended slate of director, key managerial personnel and senior management (the “Candidates”) are selected. The Policy is established and administered by the Nomination and Remuneration Committee (the “Committee”) of Gitanjali Gems Limited (the “Company”).

#### 2. **DEFINITIONS**

The definitions of some of the key terms used in this Policy are given below.

- a) **“Board”** refers to collective body of board of directors of the Company.
- b) **“Director”** means a director as defined under section 2(34) of the act except nominee director and director appointed by small shareholders.
- c) **“Key Managerial Personnel”** means a person appointed pursuant to section 203 of the act.
- d) **“Nomination and Remuneration Committee”** means a committee formed pursuant to section 178 of the act.

- e) **“Senior Management”** includes all personnel just below one level of board of directors of the Company and whose reporting is directly to the executive directors of the Company.
- f) **“The Act”** means Companies Act, 2013.
- g) **“The Company”** means Gitanjali Gems Limited incorporated under Companies act 1956

#### **PART A – NOMINATION POLICY**

##### **3. BOARD MEMBERSHIP CRITERIA**

The Committee is responsible for, among other things for identifying individuals qualified to become members of the Company’s Board of Directors (the “Board”) and recommending to the Board, the nominees to stand for election as directors. The Nomination Committee shall take into account all of the following criteria while determining the qualifications of any candidate for director:

- **Integrity and Judgment** : Directors should have the highest level of integrity, ethical character and the ability to exercise sound business judgment on a broad range of issues consistent with the Company’s values.
- **Qualification & Knowledge** : Directors should be financially literate and have a sound understanding of business strategy, corporate governance and board operations.
- **Diversity** : Directors should be capable of representing the multi-cultural nature of our global corporation with consideration being given to a diverse board in terms of gender and ethnic membership. In addition, the Committee shall take into account diversity in professional experience, skills and background.
- **Independence** : Directors who are not current or former management should meet the spirit as well as the letter of the applicable independence standards. In addition, all Directors should be independent in their thought and judgment so that they represent the long-term interests of all shareholders of the Company.
- **Experience and Accomplishments** : Directors should have significant experience and proven superior performance in professional endeavors whether this experience is in business, government, academia or with non-profit organizations.
- **Board Interaction**: Directors should value board and team performance over individual performance, demonstrate respect for others and facilitate superior board performance. Directors should be willing and able to devote the time required to become familiar with Company’s business and to be actively involved in the Board and its decision-making.
- **Skills**: Directors should have expertise in one or more of the areas such as accounting and finance, technology, management, international business, compensation, legal, HR, corporate governance, strategy, industry knowledge and general business matters.

##### **4. IDENTIFICATION OF CANDIDATES FOR BOARD MEMBERSHIP**

###### **A. Internal Process for Identifying Candidates.**

The Committee has two primary methods for identifying Candidates. First, the Committee may solicit ideas for possible Candidates from a number of sources including present members of the Board; senior level Company executives; individuals personally known to the members of the Board; and research, including database and Internet searches.

###### **B. External Process for Identifying Candidates.**

Second, the Committee may from time to time retain at the Company’s expense one or more search firms to identify Candidates (and to approve any such firms’ fees and other retention terms). If the Committee retains one or more search firms, such search firms may be asked to identify possible Candidates who meet the qualifications expressed in this Policy, to interview and screen such candidates (including conducting appropriate background and reference checks), to act as a liaison among the Board, the Committee and each Candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the Committee.

## 5. **RECOMMENDATION OF CANDIDATE**

The Committee will consider all Candidates identified through the processes described above, and will evaluate each of them, based on the criteria set forth above and if thought fit, will recommend their appointment to the Board.

## 6. **CRITERIA FOR APPOINTMENT OF SENIOR MANAGEMENT AND KEY MANAGERIAL PERSONNEL**

The Committee is also responsible for identifying individuals qualified to occupy position of key managerial personnel and in the senior management of the Company and selecting, or recommending to the Board their appointment. The

Nomination Committee shall take into account all of the following criteria when determining the qualifications of any candidate in senior management position:

- **Integrity and Judgment:** Candidate should have the highest level of integrity, ethical character and the ability to exercise sound business judgment on a broad range of issues consistent with the Company's values.
- **Qualification & Knowledge:** Candidate should have expert knowledge in his field of work and should have industry knowledge and general business matters.
- **Independence:** The candidate should be independent in his thought and judgment so that he represents the long-term interests of the Company.
- **Experience and Accomplishments :** The candidate should have significant experience and proven superior performance in his professional endeavors

## 7. **IDENTIFICATION OF CANDIDATES FOR SENIOR MANAGEMENT AND KEY MANAGERIAL PERSONNEL ROLE**

### A. **Internal Process for Identifying Candidates.**

The Committee may solicit ideas for possible Candidates from a number of sources including present members of the Board; senior level Company executives; individuals personally known to the members of the Board; and research, including database and Internet searches.

### B. **Identification through Human Resource Department**

The Committee may instruct human resource department to search through its available resources/network an appropriate candidate for the required position in senior management.

### C. **External Process for Identifying Candidates.**

The Committee may from time to time retain at the Company's expense one or more search firms to identify Candidates (and to approve any such firms' fees and other retention terms). If the Committee retains one or more search firms, such search firms may be asked to identify possible Candidates who meet the qualifications expressed in this Policy, to interview and screen such candidates (including conducting appropriate background and reference checks), to act as a liaison among the Board, the Committee and each Candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the Committee.

## 8. **RECOMMENDATION**

The Committee shall consider all Candidates identified through the processes described above, and shall evaluate each of them, based on the criteria set forth above and if thought fit, will recommend their appointment to the Board.

## **PART B – REMUNERATION POLICY**

### 9. **EXECUTIVE DIRECTOR REMUNERATION**

#### **Main principles**

The Remuneration and Nomination Committee's reward policy reflects its obligation to align executive directors' remuneration with shareholders' interests and to engage appropriately qualified executive talent for the benefit of the group. The nomination and remuneration committee shall consider following criteria before recommending the remuneration of executive directors:



- Reward reflects the competitive global market in which the company operates.
- Individual reward should be linked to performance criteria.
- Executives should be rewarded for both financial and non-financial performance.

#### **Elements of Remuneration**

The executive directors' total remuneration consists of the following:

- Salary - each executive director receives a fixed sum payable monthly in cash.
- Perquisites and allowances, if deem fit by remuneration committee
- Other benefits - executive directors are eligible to participate in superannuation schemes and such other benefits as may be prescribed the nomination and remuneration committee.

#### **Overall Director Remuneration**

Overall managerial remuneration shall not exceed 11% of net profit of the Company for a particular financial year. No remuneration (except sitting fees) shall be paid to any director of the company unless it is recommended to the board by remuneration committee of the Company and other applicable statutory provisions are complied with.

#### **10. NON-EXECUTIVE DIRECTOR REMUNERATION**

No remuneration shall be paid to non executive directors except sitting fees in the manner and as per the terms as approved by board of directors of the Company. The Nomination and remuneration Committee, if deem fit, may recommend to the board remuneration to non executive directors not exceeding 1% of net profit of the Company.

#### **11. FORMS OF REMUNERATION**

##### **Fixed Remuneration**

The Board in consultation with the Nomination & Remuneration Committee will from time to time determine the fixed remuneration level for all Directors, key managerial personnel and senior management. For other employees, respective department heads, under an intimation to Human Resource Department, are allowed to fix such remuneration as they deem fit. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

##### **Performance based Remuneration**

In addition to fixed remuneration, the Company may implement a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will disclosed to relevant employees regularly.

#### **14. EMPLOYEE ENTITLEMENTS**

The Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and parental leave.

#### **15. REVIEW**

The Nomination & Remuneration Committee is responsible for the monitoring, implementation and review of this policy. The Nomination & Remuneration Committee will provide recommendations to the Board as to how to effectively structure and facilitate a remuneration strategy, which will meet the needs of the Company.

This Policy is intended to provide a set of flexible guidelines for the effective functioning of the Company's nominations process for directors, KMPs and senior management. The Committee intends to review this Policy at least annually and anticipates that modifications may be necessary from time to time as the Company's needs and circumstances evolve, and as applicable legal or listing agreement change. The Committee may modify or amend this Policy at any time without advance notice.

## ANNEUXRE 2 TO THE DIRECTORS REPORT

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Kindly refer the Corporate Social Responsibility as stated herein below at the Company's website. Web Link : <a href="http://media.corporate-ir.net/media_files/IROL/19/196729/Policies &amp; Codes/Corporate%20Social%20Responsibility%20Policy.pdf">http://media.corporate-ir.net/media_files/IROL/19/196729/Policies &amp; Codes/Corporate%20Social%20Responsibility%20Policy.pdf</a>
2.	The Composition of the CSR Committee as on March 31, 2015	1. Ms. Nazura Ajaney - Chairperson 2. Mr. S. Krishnan - Member 3. Mr. Swaminathan Sundararajan Mittur - Member
3.	Average net profit of the company for last three financial years	₹ 16535.68 lakhs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 330.71 lakhs
5.	Details of CSR spent during the financial year:- a) Total amount to be spent for the financial year b) Amount Unspent, if any	₹ 330.71 lakhs ₹ 225.59 lakhs
	c) Manner in which the amount spent during the financial year as given below:	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Promotion of education	CI (ii) Promoting education	State :- Maharashtra and Gujrat	₹ 104.12 lakhs	₹ 104.12 Lakhs	₹ 104.12 lakhs	Regd Trust
2.	Healthcare	CI (i) Promoting Preventive Healthcare	State:- Tamilnadu	₹ 1 lakh	₹ 1 lakh	₹ 1 lakh	Regd Trust

**Details of implementing agency:** Donations have been given to various regd. trusts such as Shree 108 Paraswanmth Bhaktivihar Jain Trust, Jain Academy Educational Research Centre Promotion Trust, Palanpur Samaj Kendra, Banaskantha District Kelavani Mandal, Prangan Foundation, Sankara Netralaya Womens Auxillary which are engaged in promotion of education and healthcare.

**6. In case the Company has failed to spend two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:**

The CSR Committee of the Board of Directors had approved the CSR Policy and also identified the areas of CSR activities proposed to carry out by the Company. Due to liquidity challenges Company could not spend the required amount for CSR activities for the financial year 2014-15. However, Company is committed for contributing to its CSR activities for the upliftment of the society to the maximum possible extent.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company. The Company is confident that it will be in a position to implement a more comprehensive CSR program for FY-15-16.

For Gitanjali Gems Limited

Mehul Choksi  
Managing Director

Nazura Ajaney  
Chairperson of Corporate Social Responsibility Committee

### ANNEXURE 3A TO THE DIRECTORS REPORT

#### Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Name of Director/KMP	Ratio of Remuneration of each Director/median remuneration of Employees	% Increase in Remuneration in FY14-15
Mr. Mehul Choksi	18.4:1	NIL
Mr. Dhanesh Sheth	NA	NA
Mr. Nehal Modi	NA	NA
Mr. S. Krishnan	NA	NA
Mr. Swaminathan Sundararajan Mittur	NA	NA
Ms. Nazura Ajaney	NA	NA

- (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year 2014-15;

Sr. No	Name of Director/ KMP	Designation	% increase in Remuneration
1	Mr. Mehul C. Choksi	Managing Director	NIL*
2	Mr. Dhanesh Sheth	Director	NIL
3	Mr. Nehal Modi	Director	NIL
4	Mr. S. Krishnan	Director	NIL
5	Mr. Swaminathan Sundararajan Mittur	Director	NIL
6	Ms. Nazura Ajaney	Director	NIL
7	Mr. Chandrakant Karkare	Chief Financial Officer	29
8	Ms. Pankhuri Warange	Company Secretary	10

\* During the previous year remuneration of ₹ 48 lacs was paid to managing director. However, in view of loss incurred by the Company in previous year, excess remuneration of ₹ 24 lacs calculated as per the provisions of schedule XIII of Companies Act, 1956 has been recovered in the current year.

- (iii) the percentage increase in the median remuneration of employees in the financial year 2014-15 was 10%;

- (iv) There were 512 permanent employees on the rolls of company as on March 31, 2015

- (v) The explanation on the relationship between average increase in remuneration and company performance

The Company made net profit of ₹ 1886.41 lakhs in FY 2014-15 as against loss of ₹ 2265.21 lakhs in FY 2013-14. The average increase in remuneration was in line with the performance of the Company.

(vi) Comparison of remuneration of Key Managerial Personnel against the performance of the Company

Name	Designation	Remuneration (₹ in lakhs)	Profit After Tax (₹ in lakhs)
Mr. Mehul Choksi	Managing Director	48.00	1886.41
Mr. Chandrakant Karkare	Chief Financial Officer	32.23	
Ms. Pankhuri Warange	Company Secretary	32.51	

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer

Sr. No	Particulars	
1	<b>Market Cap</b>	
	As at March 31, 2015	403.28 Crores
	As at March 31, 2014	542.73 Crores
2	<b>Price Earning Ratio</b>	
	PE as at March 31, 2015	21.19
	*PE as at March 31, 2014	NA
3	<b>% Increase / Decrease from last public offer</b>	
	IPO price per share (March 2006)	₹ 195
	Market Price as on March 31, 2015 at NSE	₹ 41.10
	% decrease from IPO Price	78.92%

\* Since EPS as at March 31, 2014 is negative PE is shown as NA

(viii) average percentile increase already made in the salaries of employees other than the director in the last financial year and its comparison with the percentile increase in the remuneration of director.

Average percentage increase made in the salaries of Employees other than the director in the financial year was 7% whereas the increase in the remuneration of director was NIL. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies.

(ix) The key parameters for any variable component of remuneration availed by the directors.

There is no variable component to the remuneration paid to Managing Director.

(x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

During the year under review, there were three employees who drew remuneration more than highest paid director. The ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year in descending order is

(1) 1: 1.96

(2) 1: 1.58

(3) 1: 1.03

The details of such employees is given in Annexure 3B of directors report

(xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company

**ANNEXURE 3B****PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

Name	Designation	Remuneration (in Rs)	Qualification	Experience	DOJ	Age	Last employment	% of equity shares held in the Company as on March 31, 2015
Mr. Mehul Choksi	Managing Director	4,800,000	B.COM	37	01/08/1994	56	N.A	30.92
Mr. Saurav Bhattacharya*	Group President	9,427,665	B.TECH, BUSINESS EDUCATION PROGRAM (IIM-A)	22	15/12/2013	45	Sahara	NIL
Mr. Sunil Varma*	Head - International Business	7,604,980	CHARTERED. ACC., CPA, MBA	27	01/12/2009	48	Alpha Management Services Co. Ltd	0.0001
Mr. Nitin Bhojani*	President - Finance	4,948,500	B.SC (HONS) LLB(GEN), MFM, CAIIB	37	27/03/2014	59	GOL Offshore Ltd	NIL

- Note: 1. All appointments are contractual. Other terms and conditions are as per Company's rules.  
2. None of the employees mentioned above is related to any Director of the Company.  
3. \*Indicates employees drawing remuneration more than Managing Director/ Highest Paid Director

**ANNEXURE 4 TO THE DIRECTORS REPORT****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31<sup>st</sup> March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I. Registration and other details</b>	
<b>CIN</b>	L36911MH1986PLC040689
<b>Registration Date</b>	21st August, 1986
<b>Name of the Company</b>	Gitanjali Gems Limited
<b>Category/ Sub-Category of the Company</b>	Company Limited by Shares
<b>Address of the Registered office &amp; Contact details</b>	A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Tel No. 022- 40354600
<b>Whether Listed Company</b>	Yes
<b>Name, Address and Contact details of Registrar &amp; Share Transfer Agent, if Any</b>	Karvy Computershare Private Limited Gitanjali Gems Limited Unit, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial - District, Hyderabad-500081 Tel: +91-040-67162222 Fax: +91-040-23001153 Email: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Website: <a href="http://www.karvy.com">www.karvy.com</a>

<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>			
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-			
<b>Sl. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the Product/ service *</b>	<b>% to total turnover of the company</b>
1	Diamond	32112	37.97
2	Jewellery	32111	62.03

\*As per National Industrial Classification – Ministry of statistics and programme implementation.

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -</b>				
<b>Name and address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
<b>Gitanjali Brands Limited</b> A-1 ,7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U01100MH1995PLC095425	Subsidiary	99.99	2(87)(ii)
<b>Gitanjali Exports Corporation Limited</b> A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U51990MH2000PLC128664	Subsidiary	100	2(87)(ii)
<b>Gitanjali Jewellery Retail Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U36911MH2005PLC156266	Subsidiary	100	2(87)(ii)
<b>Gitanjali Lifestyle Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U36911MH2007PLC170596	Subsidiary	100	2(87)(ii)
<b>MMTC Gitanjali Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U74999MH2008PLC187891	Subsidiary	73.85	2(87)(ii)
<b>Gitanjali Infratech Limited</b> A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U45201MH2006PLC165939	Subsidiary	100	2(87)(ii)
<b>Hyderabad Gems SEZ Limited</b> Survey no. 1/1, ravirala village road, opp. Rci iind gate, Maheshwaram Mandal, Hyderabad, Telangana Pin – 501 510	U27205TG2004PLC044751	Subsidiary	100	2(87)(ii)
<b>Nashik Multi Services SEZ Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U45208MH2007PLC176918	Subsidiary	100	2(87)(ii)
<b>Decent Securities &amp; Finance Private Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U65910MH2006PTC160539	Subsidiary	100	2(87)(ii)
<b>Eureka Finstock Private Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U67120MH2006PTC159738	Subsidiary	100	2(87)(ii)
<b>N &amp; J Finstocks Private Limited</b> A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051	U65993MH2006PTC159754	Subsidiary	100	2(87)(ii)

<b>Decent Investment And Finance Pvt. Ltd.</b> A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051	U65993MH2005PTC154132	Subsidiary	100	2(87)(ii)
<b>Nakshatra Brands Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U36910MH2004PLC146406	Subsidiary	100	2(87)(ii)
<b>Asmi Jewellery India Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U74994MH2005PLC157741	Subsidiary	100	2(87)(ii)
<b>Gili India Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U52393MH2001PLC131428	Subsidiary	100	2(87)(ii)
<b>D'Damas Jewellery (India) Private Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U51398MH2003PTC142351	Subsidiary	51	2(87)(ii)
<b>Spectrum Jewellery Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U36910MH2004PLC148983	Subsidiary	99.6	2(87)(ii)
<b>Maya Retail Limited</b> B-6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U99999MH2001PLC231441	Subsidiary	95.94	2(87)(ii)
<b>MobileNxt Teleservices Private Limited</b> No.10, 7th Cross road, Victoria layout, Bangalore 56007, Karnataka	U64202KA2006PTC038459	Subsidiary	70	2(87)(ii)
<b>Vidarbha Multi Products SEZ Limited</b> A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051	U74120MH2015PLC261453	Subsidiary	100	2(87)(ii)
<b>Aston Luxury Group Limited</b> Room 505B, 5/F, Block A, Hunghom Commercial Centre, 39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong	N.A.	Subsidiary	100	2(87)(ii)
<b>Crown Aim Limited</b> Room 505B, 5/F, Block A, Hunghom Commercial Centre, 39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong	N.A.	Subsidiary	100	2(87)(ii)
<b>Leading Italian Jewels SRL</b> Via Trento 7, 15048 Valenza, AL, Italy	N.A.	Subsidiary	100	2(87)(ii)
<b>Leading Jewels of Japan Kabushiki Kaisha</b> Arai Bldg., 4F, 1-6-2, Higashi-Ueno, Taito-Ku, Tokyo-110 0015, Japan	N.A.	Subsidiary	100	2(87)(ii)
<b>Samuels Jewelers, Inc.</b> 2914, Montopolis Drive, Austin, Texas - 78741	N.A.	Subsidiary	100	2(87)(ii)

<b>Gitanjali USA, Inc.</b> 500, 7th Avenue, Fl 12B, New York, NY 10018, USA	N.A.	Subsidiary	100	2(87)(ii)
<b>Diamlinc Inc</b> 500, 7th Avenue, Fl 12B, New York, NY 10018, USA	N.A.	Subsidiary	51	2(87)(ii)
<b>Diamlinc Jewellery Inc.</b> 500, 7th Avenue, Fl 12B, New York, NY 10018, USA	N.A.	Subsidiary	51	2(87)(ii)
<b>Jewelry Marketing Company LLC</b> 500, 7th Avenue, Fl 12B, New York, NY 10018, USA	N.A.	Subsidiary	51	2(87)(ii)
<b>LJOW Holdings, LLC</b> 500, 7th Avenue, Fl 12B, New York, NY 10018, USA	N.A.	Subsidiary	51	2(87)(ii)
<b>Tri-star Worldwide LLC</b> 500, 7th Avenue, Fl 12B, New York, NY 10018, USA	N.A.	Subsidiary	100	2(87)(ii)
<b>GGL Diamonds LLC</b> 500, 7th Avenue, Fl 12B, New York, NY 10018, USA	N.A.	Subsidiary	100	2(87)(ii)
<b>Gitanjali Ventures DMCC</b> Dubai Multi Commodities Centre, Unit No. 33-B-C-D, Almas Tower, Plot No. LT-2, Jumeirah Lakes Towers, Dubai, U.A.E.	N.A.	Subsidiary	100	2(87)(ii)
<b>Abbeycrest (Thailand) Limited</b> 99/29 Moo 5, Pasak District, Amphur Muang, Lamphun 51000, Thailand	N.A.	Subsidiary	99.99	2(87)(ii)
<b>Giantti Jewellery Trading (Shanghai) Co. Ltd</b> Room 1106, No. 458, Fushan Road, Pudong district, Shanghai, P. R. China	N.A.	Subsidiary	100	2(87)(ii)
<b>Tianxin Diamonds (Shanghai) Co. Ltd</b> Room A407, China Diamonds Trade Centre, S.D.E. No. 1701, Century Avenue, Shanghai, China	N.A.	Subsidiary	100	2(87)(ii)
<b>Jewelsook Marketplace Limited (formerly known as eGitanjali Limited)</b> A-1 ,7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	U74120MH1989PLC054232	Associate	40	2(6)



**IV. SHAREHOLDING PATTERN ( EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY**
**i) Category Wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	30795125	0	30795125	33.45	30343018	0	30343018	30.92	(2.53)
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	4664610	0	4664610	5.07	4251686	0	4251686	4.33	(0.74)
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(1):</b>	<b>35459735</b>	<b>0</b>	<b>35459735</b>	<b>38.52</b>	<b>34594704</b>	<b>0</b>	<b>34594704</b>	<b>35.25</b>	<b>(3.27)</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>35459735</b>	<b>0</b>	<b>35459735</b>	<b>38.52</b>	<b>34594704</b>	<b>0</b>	<b>34594704</b>	<b>35.25</b>	<b>(3.27)</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds / UTI	4805	0	4805	0.01	864	0	864	0	0
b) Banks / FI	5124081	0	5124081	5.57	4865351	0	4865351	4.96	(0.61)
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	17083161	0	17083161	18.56	5203378	0	5203378	5.3	(13.26)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
i-i) Foreign Portfolio Investor	0	0	0		97177	0	97177	0.10	0.1
<b>Sub-Total (B)(1):</b>	<b>22212047</b>	<b>0</b>	<b>22212047</b>	<b>24.13</b>	<b>10166770</b>	<b>0</b>	<b>10166770</b>	<b>10.36</b>	<b>(13.77)</b>

<b>(2) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	18891031	0	18891031	20.52	25146375	0	25146375	25.63	5.11
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual Shareholders holding nominal share capital upto 1 lakh	12101231	684	12101915	13.14	21623788	564	21624352	22.04	8.9
ii) Individual Shareholders holding nominal share capital in excess of 1 lakh	1419751	0	1419751	1.54	3258302	0	3258302	3.32	1.78
c) Others (specify)									
i) NRI / OCBs	1048436	0	1048436	1.14	1964762	0	1964762	2.00	0.86
ii) Clearing Members / Clearing House	345706	0	345706	0.38	445788	0	445788	0.45	0.07
iii) Trusts	237612	0	237612	0.26	316012	0	316012	0.32	0.06
iv) HUF	349258	0	349258	0.38	603386	0	603386	0.61	0.23
<b>Sub-Total (B)(2):</b>	<b>34393025</b>	<b>684</b>	<b>34393709</b>	<b>37.36</b>	<b>53358413</b>	<b>564</b>	<b>53358977</b>	<b>54.38</b>	<b>17.02</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>56605072</b>	<b>684</b>	<b>56605756</b>	<b>61.48</b>	<b>63525183</b>	<b>564</b>	<b>63525747</b>	<b>64.74</b>	<b>3.26</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0		0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>92064807</b>	<b>684</b>	<b>92065491</b>	<b>100.00</b>	<b>98119887</b>	<b>564</b>	<b>98120451</b>	<b>100</b>	<b>0</b>

*ii) Shareholding of Promoters*

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Mr. Mehul C. Choksi	30795125	33.45	6.39	30343018	30.92	25.9	(2.53)
Partha Gems LLP	2069452	2.25	0	2069452	2.11	2.11	*(0.14)
Priyanka Gems Private Limited	797748	0.87	0.25	797748	0.81	0.81	*(0.6)
Rohan Diamonds Private Limited	1346148	1.46	1.00	933224	0.95	0.95	(0.51)
Mozart Trading Private Limited	451262	0.49	0	451262	0.46	0.46	*(0.3)
<b>Total</b>	<b>35459735</b>	<b>38.52</b>	<b>7.64</b>	<b>34594704</b>	<b>35.26</b>	<b>30.23</b>	<b>(3.26)</b>

\* Reduction in Shareholding Percentage is due to conversion of Fully convertible debenture into equity shares on June 04, 2014

## iii) Changes in promoter's shareholding (Please specify if there is no change)

Sl No.	Name	Shareholding					Cumulative Shareholding during the year	
		No. of Shares at the beginning (01-04-14)/ end of the year(31-03-15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Mr. Mehul C. Choksi	30795125	33.45	1-Apr-14				
				4-Jun-14	Nil Movement		30795125	*31.39
				1-Sep-14	100000	Invocation	30695125	31.28
				2-Sep-14	100000	Invocation	30595125	31.18
				3-Sep-14	30500	Invocation	30564625	31.15
				4-Sep-14	4650	Invocation	30559975	31.15
				25-Sep-14	31800	Invocation	30528175	31.11
				20-Oct-14	127607	Invocation	30400568	30.98
				21-Oct-14	57550	Invocation	30343018	30.92
		30343018	30.92	31-Mar-15				
2	Partha Gems LLP	2069452	2.25	1-Apr-14				
				4-Jun-14	Nil Movement		2069452	*2.11
		2069452	2.11	31-Mar-15				
3	Priyanka Gems Private Limited	797748	0.87	1-Apr-14				
				4-Jun-14	Nil Movement		797748	*0.81
		797748	0.81	31-Mar-15				
4	Rohan Diamonds Private Limited	1346148	1.46	1-Apr-14				
				4-Apr-14	30000	Invocation	1316148	1.43
				11-Apr-14	30664	Invocation	1285484	1.40
				4-Jun-14	Nil Movement		1285484	*1.31
				28-Jul-14	22167	Invocation	1263317	1.29
				16-Oct-14	160741	Invocation	1102576	1.12
				21-Oct-14	87550	Invocation	1015026	1.03
				21-Nov-14	70000	Invocation	945026	0.96
				3-Mar-15	11802	Invocation	933224	0.95
		933224	0.95	31-Mar-15				
5	Mozart Trading Private Limited	451262	0.49	1-Apr-14				
				4-Jun-14	Nil Movement		451262	*0.46
		451262	*0.46	31-Mar-15				

\* Reduction in Shareholding Percentage is due to conversion of Fully convertible debenture into equity shares on June 04, 2014

## iv) Shareholding Pattern of Top ten Shareholders (other than Directors, Promoters and Holders of GDRs &amp; ADRs)

Sl No.	Name	Shareholding					Cumulative Shareholding during the year	
		No. of Shares at the beginning (01-04-14)/end of the year(31-03-15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Macquarie Finance (India) Private Limited	5000000	5.43	1-Apr-14				
				4-Jun-14	NIL Movement		5000000	*5.10
		5000000	5.10	31-Mar-15				
2	Life Insurance Corporation of India	4499784	4.89	1-Apr-14				
				4-Jun-14	NIL Movement		4499784	*4.59
		4499784	4.59	31-Mar-15				
3	The Wellington Trust Company National Association	3250292	3.53	1-Apr-14				
				4-Jun-14	NIL Movement		3250292	*3.31
				30-Sep-14	68158	Sale	3182134	3.24
				16-Jan-15	123246	Sale	3058888	3.12
				23-Jan-15	1010601	Sale	2048287	2.09
				30-Jan-15	881894	Sale	1166393	1.19
				6-Feb-15	1166393	Sale	0	0
		0	0	31-Mar-15				
4	HSBC Bank (Mauritius) Limited	2340000	2.54	1-Apr-14				
				4-Jun-14	NIL Movement		2340000	*2.38
				28-Nov-14	2340000	Sale	0	0
		0	0	31-Mar-15				
5	ITF Mauritius	2125073	2.31	1-Apr-14				
				23-May-14	2125073	Sale	0	0
		0	0	31-Mar-15				
6	Prime Broking Company (India) Limited	1702269	1.85	1-Apr-14				
				4-Jun-14	NIL Movement		1702269	*1.73
		1702269	1.73	31-Mar-15				
7	Government Pension Fund Global	1614951	1.75	1-Apr-14				
				4-Jun-14	Nil Movement		1614951	1.65
		1614951	1.65	31-Mar-15				
8	Bennett, Coleman and Company Limited	1594563	1.73	1-Apr-14				
				23-May-14	159456	Sale	1435107	1.56
				4-Jun-14	Nil Movement		1435107	*1.46
		1435107	1.46	31-Mar-15				
9	Wellington Management Company, LLP A/C Wellington	1550107	1.68	1-Apr-14				
				4-Jun-14	Nil Movement		1550107	*1.58
				29-Aug-14	32836	Sale	1517271	1.55
				30-Sep-14	22869	Sale	1494402	1.52

				21-Nov-14	11660	Sale	1482742	1.51
				5-Dec-14	17391	Sale	1465351	1.49
				16-Jan-15	56754	Sale	1408597	1.44
				23-Jan-15	465375	Sale	943222	0.96
				30-Jan-15	406107	Sale	537115	0.55
				6-Feb-15	537115	Sale	0	0
		0	0	31-Mar-15				
10	<b>Morgan Stanley Mauritius Company Limited</b>	1246247	1.35	1-Apr-14				
				4-Jun-14	Nil Movement		1246247	*1.27
				22-Aug-14	285654	Sale	960593	0.98
				29-Aug-14	790694	Sale	169899	0.17
				5-Sep-14	169899	Sale	0	0
		0	0	31-Mar-15				
11	<b>D B Corp Limited</b>	0	0	1-Apr-14				
				4-Jun-14	6054960	Conversion of FCD	6054960	6.17
		6054960	6.17	31-Mar-15				
12	<b>Elara India Opportunities Fund Limited</b>	0	0	1-Apr-14				
				21-Nov-14	2340000	Purchase	2340000	2.38
		2340000	2.38	31-Mar-15				
13	<b>STCI Finance Limited</b>	957144	1.04	1-Apr-14				
				4-Jun-14	Nil Movement		957144	*0.98
		957144	0.98	31-Mar-15				
14	<b>MV SCIF Mauritius</b>	264071	0.29	1-Apr-14				
				4-Apr-14	5910	Purchase	269981	0.29
				11-Apr-14	20685	Purchase	290666	0.32
				2-May-14	5906	Purchase	296572	0.32
				9-May-14	20671	Purchase	317243	0.34
				16-May-14	50238	Purchase	367481	0.4
				23-May-14	5908	Purchase	373389	0.41
				30-May-14	20707	Purchase	394096	0.43
				4-Jun-14	20615	Purchase	414711	*0.42
				13-Jun-14	76570	Purchase	491281	0.5
				30-Jun-14	501192	Purchase	992473	1.01
				4-Jul-14	37056	Purchase	1029529	1.05
				11-Jul-14	6176	Sale	1023353	1.04
				18-Jul-14	30900	Sale	992453	1.01
				25-Jul-14	30880	Purchase	1023333	1.04
				8-Aug-14	24734	Sale	998599	1.02
				15-Aug-14	37101	Sale	961498	0.98
				22-Aug-14	43302	Sale	918196	0.94
				30-Sep-14	59164	Sale	859032	0.88
				10-Oct-14	56600	Sale	802432	0.82
				17-Oct-14	25152	Sale	777280	0.79

				24-Oct-14	37788	Sale	739492	0.75
				31-Oct-14	2111	Sale	737381	0.75
				14-Nov-14	4296	Purchase	741677	0.76
				21-Nov-14	2270	Sale	739407	0.75
				5-Dec-14	12976	Purchase	752383	0.77
				12-Dec-14	6241	Purchase	758624	0.77
				19-Dec-14	18624	Sale	740000	0.75
				31-Dec-14	81415	Sale	658585	0.67
				2-Jan-15	18142	Purchase	676727	0.69
				13-Feb-15	16599	Purchase	693326	0.71
				27-Mar-15	29606	Sale	663720	0.68
		669312	0.68	31-Mar-15				
15	Reva Superstructures Private Limited	600000	0.65	1-Apr-14				
				4-Jun-14	Nil Movement		600000	*0.61
		600000	0.61	31-Mar-15				

\* Reduction in Shareholding Percentage is due to conversion of Fully convertible debenture into equity shares on June 04, 2014

V.) Shareholding of Directors & KMP								
Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning (01-04-14)/end of the year(31-03-15)	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>DIRECTORS :</b>								
1	Mr. Mehul Choksi	30795125	33.45	1-Apr-14				
				4-Jun-14	Nil Movement		30795125	*31.39
				1-Sep-14	100000	Invocation	30695125	31.28
				2-Sep-14	100000	Invocation	30595125	31.18
				3-Sep-14	30500	Invocation	30564625	31.15
				4-Sep-14	4650	Invocation	30559975	31.15
				25-Sep-14	31800	Invocation	30528175	31.11
				20-Oct-14	127607	Invocation	30400568	30.98
				21-Oct-14	57550	Invocation	30343018	30.92
		30343018	30.92	31-Mar-15				

2	Mr. Dhanesh Sheth	-	-	1-Apr-14	-	NA	-	-
		-	-	31-Mar-15	-		-	-
3	Mr. Nehal Modi	-	-	1-Apr-14	-	NA	-	-
		-	-	31-Mar-15	-		-	-
4	Mr. Swaminathan Sundararajan Mittur	-	-	1-Apr-14	-	NA	-	-
		-	-	31-Mar-15	-		-	-
5	Ms. Nazura Ajaney	-	-	1-Apr-14	-	NA	-	-
		-	-	31-Mar-15	-		-	-
6	Mr. S. Krishnan	-	-	1-Apr-14	-	NA	-	-
		-	-	31-Mar-15	-		-	-

**KEY MANAGERIAL PERSONNEL :**

2	Mr. Chandrakant Karkare, Chief Financial Officer	-	-	1-Apr-14	-	NA	-	-
		-	-	31-Mar-15	-		-	-
3	Ms. Pankhuri Warange, Company Secretary	-	-	1-Apr-14	-	NA	-	-
		-	-	31-Mar-15	-		-	-

\* Reduction in Shareholding Percentage is due to conversion of Fully convertible debenture into equity shares on June 04, 2014

**V. INDEBTNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT**

				Amount in ₹
	Secured Loan Excluding Deposits	Unsecured Loan	Deposits	Total Indebtness
<b>Indebtedness at the beginning</b>				
i) Principal Amt	49,207,947,415.83	390,000,000.00	22,729,117.00	49,620,676,532.83
ii) Interest Due but not paid	36,90,91,622.52	-	-	36,90,91,622.52
iii) Interest Accrued but not due	6,01,77,052.48	-	428,551.00	6,06,05,603.48
<b>Total (i+ii+iii)</b>	<b>49,637,216,090.83</b>	<b>390,000,000.00</b>	<b>23,157,668.00</b>	<b>50,050,373,758.83</b>
<b>Change in Indebtedness During the year</b>				
Addition	869,282,583.47	589,783,649.00	-	1,459,066,232.47
Reduction	-	-	3,586,691.00	3,586,691.00
Net Change	<b>869,282,583.47</b>	<b>589,783,649.00</b>	<b>(3,586,691.00)</b>	1,455,479,541.47
<b>Indebtedness at the end of the Year</b>				
i) Principal Amt	50,387,749,649.40	979,783,649.00	18,789,000.00	51,386,322,298.40
ii) Interest Due but not paid	5,66,78,021.00	-	-	5,66,78,021.00
iii) Interest Accrued but not due	6,20,71,003.90	-	781,977.00	6,28,52,980.90
<b>Total (i+ii+iii)</b>	<b>50,506,498,674.30</b>	<b>979,783,649.00</b>	<b>19,570,977.00</b>	<b>51,505,853,300.30</b>

<b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>					
<b>A. Remuneration to Managing Director, Whole-time Directors and/or Manager:</b>					
<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Mr. Mehul C. Choksi (Managing Director)</b>		<b>Total Amount (₹)</b>	
	Gross Salary				
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	48,00,000		48,00,000	
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-		-	
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-		-	
2	Stock Options	-		-	
3	Sweat Equity	-		-	
4	Commission				
	- as % of profit	-		-	
	others, specify	-		-	
5	Others, please specify	-		-	
	<b>Total (A)</b>	48,00,000		48,00,000	
<b>B. Remuneration to other Directors:</b>					
<b>1. Independent Directors</b>					
<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Name of Director</b>			<b>Total Amount (₹)</b>
		<b>Ms. Najura Ajaney</b>	<b>Mr. Swaminathan Sundararajan Mitur</b>	<b>Mr. S. Krishanan</b>	
1	Fee for attending Board/Committee Meetings	60,000	1,80,000	1,80,000	4,20,000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	<b>Total B (1)</b>				<b>4,20,000</b>
<b>2. Other Non Executive Directors</b>					
<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Name of Director</b>		<b>Total Amount (₹)</b>	
		<b>Mr. Dhanesh Sheth</b>	<b>Mr. Nehal Modi</b>		
1	Fee for attending Board/Committee Meetings	-	-	-	
2	Commission	-	-	-	
3	Others, please specify	-	-	-	
	<b>Total B (2)</b>				-
	<b>Total (B) = B (1) + B (2)</b>				<b>4,20,000</b>



**C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Chandrakant Karkare (Chief Financial Officer)	Ms. Pankhuri Warange (Company Secretary)	Total Amount (₹)
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	32,23,140	32,51,345	64,74,485
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (C)</b>	32,23,140	32,51,345	64,74,485

**VII. PENALTIES/ PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalties/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

**ANNEXURE 5 TO THE DIRECTORS REPORT**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015

[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE 9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]

To,  
The Members,  
**Gitanjali Gems Limited**  
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gitanjali Gems Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October, 2014 (**Not applicable to the company during the audit period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the company during the audit period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the company during the audit period**); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the company during the audit period**);
- (vi) As informed and certified by the management, there are no laws that are specifically applicable to the company based on their sector/industry.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (**Not applicable as Secretarial Standards were not notified during the audit period**)
- (ii) The Listing Agreements entered into by the Company with BSE Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Company has:

1. allotted 60,54,960 equity shares at a price of Rs.64.41 (including premium of Rs.54.41) per share on 4<sup>th</sup> June, 2014, upon conversion of 1(one) Zero percent Fully Convertible Debentures having Face Value of Rs 39,00,00,000;
2. passed special resolution under section Section 42, 62(1)(c) of the Act and SEBI (ICDR)Regulation, 2009, through Postal Ballot process the result of which were declared on 9<sup>th</sup> September, 2014, granting approval to raise funds upto Rs.175 crores by issue of Convertible Warrants to persons other than Promoters by way of preferential allotment;
3. passed special resolution under section 180(1)(c) of the Act, through Postal Ballot process the result of which was declared on 9<sup>th</sup> September, 2014, enabling borrow of funds in excess of its aggregate of paid up share capital and free reserves and up to a maximum limit of Rs.10,000 crores;
4. passed special resolution under section 180(1)(a) of the Act, through Postal Ballot process the result of which was declared on 9<sup>th</sup> September, 2014, for creation of mortgage/charge on the properties of the company up to the overall borrowing limit of Rs.10,000 crores; and

5. passed special resolution under section 186 of the Act, through Postal Ballot process the result of which was declared on 9<sup>th</sup> September, 2014, enabling the company to extend loan to any person or body corporate or give guarantee or provide security in connection with a loan or to acquire by way of subscription, purchase or otherwise securities in any other body corporate up to a maximum limit of Rs.7500 crores

**Place : Mumbai**

**Date: 12<sup>th</sup> August, 2015**

For **Manish Ghia & Associates**  
*Company Secretaries*

**Manish L. Ghia**  
*Partner*

**M. No. FCS 6252 C.P. No. 3531**

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**‘Annexure A’**

To,  
The Members,  
**Gitanjali Gems Limited**  
Mumbai

Our report of even date is to read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place : Mumbai**

**Date: 12<sup>th</sup> August, 2015**

For **Manish Ghia & Associates**  
*Company Secretaries*

**Manish L. Ghia**  
*Partner*

**M. No. FCS 6252 C.P. No. 3531**

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

Gems and Jewellery (G&J) is one of the oldest industries in the world. With the rise of the emerging markets, the landscape of the global gems and jewellery Industry has changed in the last decade. The industry is primarily classified into segments like cut & polished (C&P) diamonds, gemstones, gold and diamond jewellery, pearl & synthetic stones & others which include precious metal jewellery (other than gold), synthetic stones and lastly costume fashion jewellery. Diamond studded jewellery accounts for the largest share of the global jewellery market, followed by plain gold jewellery. Geographically, USA continues to be the largest consumer for gems and jewellery, followed by China, India, the Middle East and Japan. In Western Europe, the UK and Italy are the largest consumers and Italy is also one of the world's largest jewellery fabrication centers. The emerging markets, like China, India which have been traditional hubs of jewellery consumption, are expected to develop as the largest consumption markets for both traditional as well as branded jewellery.

#### Major Markets – Major Segments

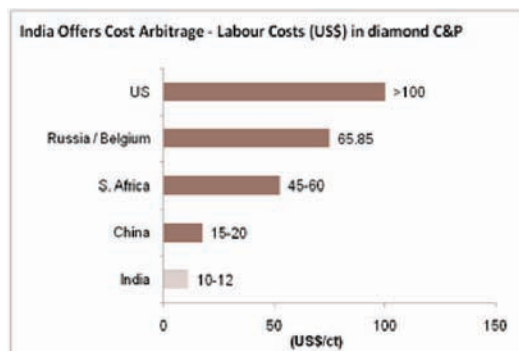
Category	Global Market	China's Mkt Share	India's Mkt Share 2014
Cut & Polish Diamonds	INR 121,000 Cr	20%	60%
Jewellery Manufacturing	INR 687,500 Cr	25%	<10%
Jewellery Retailing/Brands	INR 14,85,000 Cr	10%	<1%

Source: De Beers, WGC, GJEPC, A.T. Kearney, Bain & Co, UNCOMTRADE,

Global Diamond Jewellery Consumption			
% Global	2014	2013	2010
US	46%	40%	42%
China	12%	15%	13%
India	5.5%	8%	12%
Japan	5%	6%	10%
Middle East	8%	8%	9%
Others	23.5%	23%	14%
Total	INR 445,000 Cr	INR 395,000 Cr	INR 355,000 Cr

- India and China are the largest market for gold jewellery
- USA is the largest diamond jewellery market in the world.
- India is one of the largest centre for cut and polished diamonds. 9 of 10 diamonds in the world are cut and polished in India
- India has a huge scope to increase its market share in the high margin jewellery manufacturing, branding and retailing global market

India enjoys several competitive advantages too and can emerge as the Gems & Jewellery hub of the world. India has a pool of one of the largest and most economical skilled workforce in the industry. There is considerable scope of value addition in terms of capacity building, quality management and professionalization. India leads global consumption of gold annually, and has emerged as the 6th largest consumer of diamonds in the world. India occupies top position in importing, processing and exporting diamonds, with its strong skills in colored gemstones, gold jewellery, pearls, non-gold jewellery and fashion jewellery.



The gems and jewellery sector is one of the most important sectors of the Indian economy. The sector is highly export-oriented, labour-intensive and a major contributor to employment, GDP and foreign exchange earnings. Considering its immense potential and contributions, the Indian Government has also declared the sector as a thrust area for export promotion. Apart from large scale employment generations and foreign exchange earnings, the Gems & Jewellery sector has been contributing to 6% to 7% of the country's GDP.

The domestic gems and jewellery industry had a market size of Rs 251,000 crore (US\$ 40.45 billion) in 2013, and has the potential to grow to Rs 500,000–530,000 crore (US\$ 80.59-85.43 billion) by 2018. India is the world's largest hub for Cut and polished diamonds where 60% by value & 90% by volume of the world's diamonds are cut and polished in India. The industry creates value addition of ~ Rs 1,00,000 crores. The sector employs a workforce of nearly 4.6 million. The industry contributed to more than 14% of the country's exports. The country exported gems and jewellery worth INR 198,220 Cr in 2013. In FY14, India's gems and jewellery sector contributed INR 191,108 Crore to the country's Foreign Exchange Earnings. Of India's gems and jewellery exports, diamonds contribute approximately 55% and gold jewellery contributes approximately 35%, rest of the exports comprise coloured gemstones, silver jewellery, pearls and rough diamonds. UAE is India's biggest market for exports of gems and jewellery followed by Hong Kong. (Source : FICCI, GJEPC, WGC)

Cut & Polished Diamonds	Jewellery Manufacturing	Jewellery Branding and Retailing
<ul style="list-style-type: none"> <li>✦ India cuts and polishes <b>90% of the rough diamonds</b> worldwide</li> <li>✦ Current contribution in the global cut &amp; polish share is 60%</li> <li>✦ Low margin</li> <li>✦ Highly Working capital intensive</li> <li>✦ Labour intensive. India also enjoys labour cost arbitrage</li> <li>✦ <b>6,000 players</b> in the diamond-processing industry</li> </ul>	<ul style="list-style-type: none"> <li>✦ Labour intensive</li> <li>✦ It's a heritage and has a significant traditional quotient</li> <li>✦ The industry qualifies as an SME.</li> <li>✦ <b>Opportunity</b> - Currently India has &lt; 10% share –Tremendous scope to increase the share as jewellery manufacturing is higher margin as compared to diamond cutting and polishing.</li> </ul>	<ul style="list-style-type: none"> <li>✦ Organised retailers account for a mere 5-6% of the total jewellery retail market</li> <li>✦ Key players are Gitanjali Gems and Titan (Tanishq)</li> <li>✦ close to 15,000 players across the country in the gold processing industry</li> <li>✦ 450,000 gold smiths spread across the country</li> <li>✦ <b>Opportunity</b> - India currently has a market share of &lt;1% in the global jewellery branding and retailing segment. There is tremendous opportunity to expand this high margin sector</li> </ul>

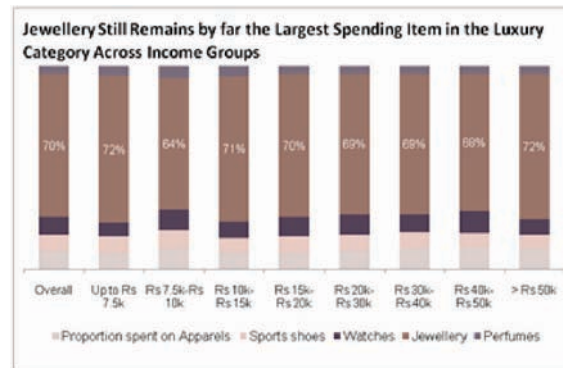
Source : Industry Experts

## Future Outlook

### Growth Drivers of the Indian Gems and Jewellery Industry

The Indian jewellery industry has been evolving over the past few years. Traditionally a gold dominated industry, it is now showing a greater acceptance towards diamond and other precious stones studded jewellery as well. The new age consumers, who are well travelled, prefer frequenting the modern retail formats like malls and departmental stores. A relatively higher awareness of and affinity towards branded products coupled with higher disposable incomes and a preference for trusted fine quality products are significant contributors to the growth of the branded jewellery segment in India.

- High and Sustained Economic Growth Exposure - India's GDP is projected to grow at a rate of 6.0% in spite of global recession. The growing Indian economy has altered the proportion of income distribution amongst its populace and subsequently the consumption preferences. Also the per capita personal disposable income is expected to increase. Higher disposable income has led to increase in demand for lifestyle products like jewellery.



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

Currently most of the masses, as a matter of on-going practice, still prefer to purchase jewellery from their tried and trusted jewelers. However, the constant exercise of 'branding' through advertising and other sales promotional activities has ensured steady inflow of new customers in this segment of organised retailing. India's small and independent jewellers are starting to organize themselves and expand in size to share a common brand identity and marketing strategy. The branded retail jewellery market is growing at a robust rate and going forward, many domestic and international brands would capture substantial market size given number of factors like increased urbanizations and changing demographics, etc.

#### **Challenges facing the Indian Gems & Jewellery Industry**

- *High dependence on Imports – All raw materials are imported*
- *Lack of financial support by financial institutions - Limited financial assistance from the Banks and lack of financing options has been a major challenge for the industry*
- *Over regulated Industry*
- *Slower Adoption of Technological Advancements*
- *Volatile raw material prices*
- *Falling demand at any point in time would stall the expansion plans of organized retail players.*
- *Competing luxury products may eat into jewellery sales.*

*Organized G&J retailing takes a long time in building the brand and trust among consumers and has a long gestation period*

## Corporate Profile

Gitanjali Group is one of the world's largest integrated branded jewellery manufacturer-retailer. Established in 1966, today its activities are spread across the entire value chain from rough diamond sourcing, cutting, polishing and distribution, jewellery manufacturing to branding and retailing gold and diamond jewellery in India and abroad. The Group's manufacturing facilities are located across India and Thailand. The Group pioneered the jewellery retail revolution in India. It today owns and distributes eight out of the top ten jewellery brands in the country. Gitanjali's extensive network of own stores, shop-in-shops and franchise outlets span across 200 cities in India. Over the last two decades the group has also been expanding its international presence. Today the group owns a large retail chain in the US, Samuels Jewelers Inc; and has acquired a number of brands such as Stefan Hafner, Valente, Io Si, Poratti and others in Italy. The group also has a fast developing presence in China, the Middle East and other new markets.

## Competitive Strengths

- **Vertical Integration** – Presence at all levels of the value chain allows for supply chain efficiencies and overall operational synergies.
- **Design Bank** – Gitanjali group own various popular jewellery brands and designing is very crucial to support the brand growth. Gitanjali's pool of talented Indian as well as Italian designers from top league fashion designing institutes constantly churn out new designs keeping in with the latest trends. Italy is the company's international design centre. Gitanjali being a strong branded player requires a very strong design set-up to support its branded products. Our designs are our key assets. Our manufacturing and designing strengths allow us to constantly innovate and cater to the evolving consumer trends.
- **Manufacturing Strength** – Our state of the art in-house manufacturing facilities are strategically located across India and Thailand. Our manufacturing capacity of over half a million pieces of finished jewellery per month ensures consistent supply, economies of scale, superior quality finish and allows us the flexibility to adapt to changing consumer needs rapidly.
- **Well Established Brands** – Gitanjali is the pioneer of branded diamond jewellery in India, with the launch of Gili in 1994. Post Gili, we added several brands such as Nakshatra, Asmi, Sangini, Maya, etc to our arsenal which today are names that reckon with jewellery in India. Over the years we have created a bouquet of Indian and international brands which caters to various requirements across occasions, price points, age groups as well as geographies.
- **Extensive Retail Presence** – Almost a decade ago, as the next logical step to branding, Gitanjali stepped foot into retail. Having explored multiple retail channels and formats and having tapped the hinterlands of the country, Currently the company enjoys a very strong nationwide sales and distribution network comprising of Company-owned stores, retailers, franchisees and shop-in-shops located in department stores. Gitanjali has always been introducing innovative selling concepts and channels to cater to wider audiences. Some such initiatives include its online market place and exclusive and multi-brand portals as well as impulse purchase points like Cruise Liners, In-flight, Duty free Stores at airports, etc.
- **International Presence** – Gitanjali has 100 stores of Samuels in the USA, spread across the south-west coast, a minority stake in the 3rd largest retail chain in Japan (Verite) and a 20% stake in Gems TV (One of Japan's largest jewellery selling TV channels). Gitanjali is present via 56 points of sale in the Middle East and also supplies jewellery to a several retail stores in China. Our diversified presence across geographies helps in de-risking our portfolio.
- **Ability to Innovate** – Gitanjali's presence through the value chain allows it the scale and flexibility to constantly innovate and the company fully capitalizes on this by undertaking design, product and channel innovations to support its growth.
- **Strong Marketing Capabilities**- Gitanjali has a strong marketing and distribution network in India. As part of the marketing strategy the company engages prominent "Bollywood" celebrities as brand ambassadors to promote its key brands. The company is one of the largest investors in media in the diamond jewellery sector in the country. It is one of the largest print advertiser across categories in the country. These aggressive efforts have led to the brands enjoying the strong recall that they do.



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

### **Development Plans**

Our strategic objective is to leverage upon our vertically integrated presence and constantly innovate to build brands and products that offer quality, trust and value to consumers. The focus is going to be more on undertaking initiatives which create value for stakeholders. We plan to achieve this by implementing the following strategies:

#### **Focus on studded jewellery**

Gitanjali has always been a diamond jewellery player. Over the years, to support its retail growth, the company also introduced gold jewellery in its portfolio. However, the regulatory environment compelled the company to re-focus on its studded jewellery business. The company recognizes that studded jewellery is not only margin accretive but also its core competency. Going forward, Gitanjali will continue to grow the studded jewellery business to enjoy higher margins and to supplement its channel innovations.

#### **Strengthening Manufacturing Facilities**

Gitanjali intends optimising the production facility at each centre and introducing modern manufacturing techniques such as electroforming, stamping, laser cutting, enameling, etc to ensure we offer unique products and retain our competitive edge.

#### **Focus on Product Innovations**

Gitanjali is known to constantly innovate to address evolving consumer tastes and preferences. The strategy going forward will be to churn out designs and products that help address gaps in the market and provide unique offerings to the consumer. The Group plans to offer products beyond diamond and gold jewellery to include different metals such as platinum and silver, as well as a wider variety of stones such as rubies and emeralds into jewellery designs. The group intends developing affordable jewellery lines which make use of natural coloured gemstones and silver. As part of this, Gitanjali has already introduced an affordable jewellery collection under the brand “Viola Italia” which combines coloured stones and silver. This range is a step taken by the group towards increasing the affordability of a category like jewellery.

#### **Focus on Channel Innovations**

The Group has explored multiple retail formats and has penetrated through over 200 cities and town across India. Going forward the company plans to grow its online presence to be accessible to the new age modern consumer who seeks quality and convenience. Gitanjali has been exploring the digital platform aggressively with many renowned e-com partners as well as through its own online market place and exclusive and multi-brand portals. The company is working on a brick (SIS) and click (E-Com) model and it plans on globally expanding the points of sale through the shop-in-shop route to support the expansion of its Brick & Click model and become one of the largest players in this unique category.

#### **Expanding International Presence**

Gitanjali plans to increase its international presence by expanding the studded jewellery retail and distribution business worldwide in existing as well as new geographies where margins are higher. The Group plans to progressively expand in the USA followed by the UAE followed by Japan and then China.

#### **Brand Extension**

Gitanjali has leveraged upon the tremendous brand recall its brands enjoy and has extended some brands to include lifestyle categories such as apparels and accessories. Going forward, this segment shall also continue to grow to support the company’s online growth.

#### **Innovative marketing strategies**

The Group is known to be the largest investor in media in the diamond jewellery industry in India. The Group is also the largest print advertiser across categories in the country. Gitanjali’s aggressive marketing and advertising strategies and strategic tie-ups shall continue to help enhance brand and product presence and increase accessibility to the target consumer.

### **Opportunities and Threats**

The Indian jewellery landscape offers tremendous opportunity for organised jewellery players like Gitanjali to grow. The rising disposable incomes, changing consumer preferences more in favour of modern retail and impulse buying make for an environment which is conducive for Gitanjali's growth and expansion plans. The market trends support the company's competencies - constant innovations with regard to products, designs, concepts and channels to cater to the ever evolving consumer.

Another opportunity that the company sees is the huge potential in rural India and we intend tapping that market further, with new concepts which will appeal to both, rural entrepreneurs as well as rural consumers.

India is a market where jewellery is considered a necessity; hence the demand will generally not be adversely impacted. Nonetheless, threats would mainly pertain to macro economic conditions such as the regulatory environment, slow demand, price volatility, etc. These are the key factors which could impact the company's growth.

### **Human Capital**

Gitanjali recognizes that its employees are integral to its success. The company therefore, constantly attempts, to motivate its staff through its robust HR policies to develop a milieu, that breeds professionalism and also one which is employee centric. Gitanjali helps employees nurture ambitions and progress through learning and skill development.

### **Internal Controls**

The company has adequate internal control systems to supervise its internal business processes across departments to ensure operational efficiency, compliance with internal policies, applicable laws and regulations, optimum resource and asset utilization, and accurate reporting of financial transactions. The adequacy and efficacy of the control environment is analyzed periodically to ensure that its robustness is reinforced in keeping with the requirements of a dynamic business environment. The system consists of a well delineated organization structure, clearly-distinguished authority levels and documented policy guidelines and manuals that establish delegation of authority. Observations of significance in summarized internal audit reports are reviewed by a qualified and independent Audit Committee on a regular basis.

### **Potential Risks and Concerns**

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

- Macro economic factors such as a downturn and changes in the regulatory environment do play an important role in impacting the company's business and earnings. However the company's vertically integrated model and geographically diversified presence immunizes the business against these risks to a great extent.
- Manufacturing risks could arise from the inability to maintain a stable operating environment. The company mitigates this risk by operating state-of-the-art diamond cutting and polishing facilities and jewellery manufacturing units. Also, the facilities are spread across geographies which helps mitigate the risk of region-specific uncertainties in terms of the regulatory environment, calamities - natural or otherwise and any other such issues.
- Competitor risks could arise from a growing presence of local, national and international jewelers in terms of its impact on growth and market share. However, Gitanjali's size and integration allow it to capture additional margins across the value chain. Its strong designing and branding capabilities and widespread and growing presence enable it to preserve and increase its market share.
- Innovation risks could arise from an inability to innovate which could weaken the sales cycle. Gitanjali is known for its constant innovative initiatives such as channel innovations, design innovations and product innovations. Such initiatives help Gitanjali mitigate the risk of constantly changing consumer trends.
- Commodity price fluctuation risks could arise on account of changes in diamond and gold prices and inconsistency in the availability of the same. These could adversely impact earnings. However, the Company is a DTC Sightholder which enables it to procure rough diamonds in a timely and cost-effective manner. The company's strong brands enable it to charge a premium which helps mitigate commodity price fluctuation risks.
- Forex risks could arise from the company being exposed to foreign currency fluctuations which could impact its rupee earnings. Gitanjali imports rough diamonds but since it is a net exporter of diamonds and jewellery, it only needs to hedge the net exposure which it adequately does via hedging instruments such as forward contracts, etc.

- Intellectual Property risks could arise if the Company is unable to protect its intellectual property rights. Gitanjali has invested considerable effort in protecting its intellectual property rights, including trademark registrations, designs and domain names.
- Human Capital risks could arise from the non-availability of an adequately trained and skilled workforce. In order to mitigate this risk the Company has in-house training and management development programmes, workshops and constant mentoring from domain experts to stimulate motivation in employees and to attract and retain skilled personnel. The company also has processes and systems in place to help assess and rationalize manpower and other operational costs in order to enhance operational efficiencies and sustain and grow in a challenging business environment.

### Corporate Performance

- Consolidated revenues declined from ₹ 1,243,600.03 lacs in 2013-14 to ₹ 1,148,106.16 lacs in 2014-15. The decline in revenues has been due to reduced gold jewellery sales which has been a continued impact of the restrictive measures introduced in 2013 to curb gold imports.
- Consolidated PBT increased from ₹ 3,621.97 lacs in 2013-14 to ₹ 8,841.75 lacs in 2014-15. Consolidated PAT increased from ₹ 3,352.20 lacs in 2013-14 to ₹ 9,549.70 lacs in 2014-15. This increase was mainly due to increased focus on the high margin studded jewellery business coupled with reduction in operational costs.
- The Jewellery segment revenues grew from ₹ 652,043.27 lacs in 2013-14 to ₹ 786,072.10 lacs in 2014-15. The diamond segment revenues declined from ₹ 719,157.92 lacs in 2013-14 to ₹ 422,621.54 lacs in 2014-15.
- The overall Indian business grew to ₹ 537,433.78 lacs in 2014-15 from ₹ 510,548.89 lacs in 2013-14, while the international business declined to ₹ 610,672.38 lacs in 2014-15 from ₹ 733,051.14 lacs in 2013-14.
- The Depreciation & Amortisation expenses increased from ₹ 3,827.33 lacs in 2013-14 to ₹ 4,688.68 lacs in 2014-15.
- The finance cost increased from ₹ 73,631.46 lacs in 2013-14 to ₹ 90,416.25 lacs in 2014-15 on account of an increase in long term borrowings from ₹ 74,269.37 lacs in 2013-14 to ₹ 76,673.48 lacs and short term borrowings from ₹ 763,200.58 lacs to ₹ 794,814.62 lacs in 2014-15.
- Basic Earnings per share increased from ₹ 3.64 in 2013-14 to ₹ 9.84 in 2014-15.
- Diluted Earnings per share increased from ₹ 3.40 in 2013-14 to ₹ 9.73 in 2014-15.
- The Reserves & Surplus grew from ₹ 385,212.98 lacs in 2013-14 to ₹ 401,838.63 lacs in 2014-15.
- Inventories increased from ₹ 350,301.31 lacs in 2013-14 to ₹ 519,531.60 lacs in 2014-15.
- Sundry debtors increased from ₹ 948,403.35 lacs in 2013-14 to ₹ 991,579.31 lacs in 2014-15.

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## REPORT ON CORPORATE GOVERNANCE

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### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

Corporate Governance refer to the set of systems, principles and processes by which Company is governed. It is a process and a guideline as to how the Company should be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the Company and is also beneficial for all the stakeholders in the long term.

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

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

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

### **THE BOARD OF DIRECTORS**

The Board of Directors of the Company ensure Company's prosperity by collectively directing the Company affairs towards securing appropriate interests of its shareholders and stakeholders. They are the key person who deals with the challenges and issues relating to good Corporate Governance, corporate social responsibility and Corporate ethics.

#### **Composition of the Board**

As of March 31, 2015 the Company's Board comprised of Six Directors, including three independent Directors

The composition and the category of Directors on the Board of the Company as on March 31, 2015 were as under:

<b>Category</b>	<b>Name</b>	<b>Designation</b>
Promoter & Executive Director	Mr. Mehul C. Choksi	Chairman & Managing Director
Non – Executive Non-Independent Director	Mr. Dhanesh V. Sheth	Director
	Mr. Nehal D. Modi	Director
Independent Directors	Mr. S. Krishnan	Director
	Mr. Swaminathan Sundararajan Mittur	Director
	Ms. Nazura Ajaney	Director

#### **Conduct of Board Proceedings**

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

#### **Board Agenda**

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

#### **Availability of information to Board members**

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

- Annual operating plans and budgets, capital budgets and updates.
- Quarterly results of our operating divisions or business segments.

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

#### Attendance of the Directors at Board Meetings during the year and at previous AGM

Name of the Director	Status	No. of Board meetings held during year 2014-15	No of Board Meetings attended	Attendance at last AGM
Mr. Mehul C. Choksi	C.M.D.	5	5	Yes
Mr. Dhanesh V. Sheth	N.E.D.	5	4	Yes
Mr. Nehal D. Modi	N.E.D.	5	1	No
Mr. S. Krishnan	I. N.E.D.	5	5	No
Mr. Swaminathan Sundararajan Mittur	I.N.E.D	5	5	Yes
Ms. Nazura Ajaney	I.N.E.D	5	3	Yes

C.M.D. Chairman & Managing Director

N.E.D. Non Executive Director

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

#### Board Meetings held during the year 2014 - 2015

The Board held five meetings during the year. The meetings of the Board of Directors are scheduled well in advance. The intervening period between two Board meetings was well within the maximum period of 120 days prescribed under Cause 49 of the Listing Agreement. The details of Board Meetings are as under:

Sr. No.	Date	Board Strength	No. of Directors present
1.	May 30, 2014	5	4
2.	August 01, 2014	5	4
3.	August 14, 2014	6	5
4.	November 14, 2014	6	5
5.	February 12, 2015	6	5

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

### Other Directorships and Committee Membership

The details of Directorship and Committee Membership & Chairmanship held by the Directors as on March 31, 2015 are as follows:

Name of the Director	No. of other Directorships (Including GGL)	Committee (Including GGL)	
		Member	Chairman
Mr. Mehul C. Choksi	10	4	2
Mr. Dhanesh V. Sheth	10	3	2
Mr. Nehal D. Modi	1	-	-
Mr. S.Krishnan	2	3	-
Mr. Swaminathan Sundararajan Mittur	9	1	2
Ms. Nazura Ajaney	2	-	2

#### Notes:

1. *There is no inter se relationship between our board members*
2. The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies covered under Section 8 of the Companies Act, 2013 and Private Limited companies.
3. In accordance with Clause 49 of the Listing Agreement, Membership/ Chairmanship of only the Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered.

### Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise / experience in their respective field / profession. None of the Independent Directors are promoters or related to Promoters. They do not have pecuniary relationship with the Company. Every Independent Director at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting in the Board in every financial year, gives declaration that he/she meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013.

All Independent Directors maintain their limits of directorships as required under Clause 49 of the Listing Agreement.

### Familiarisation Programme for Independent Directors

The Company has taken initiatives to familiarize its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry through various programme as per terms of Clause 49 of the Listing Agreement.

The details of said familiarisation programme is provided on the website of the Company and can be accessed at [http://media.corporate-ir.net/media\\_files/IROL/19/196729/Policies\\_&Codes/Familiarisation%20Programme%20for%20Independent%20Directors.pdf](http://media.corporate-ir.net/media_files/IROL/19/196729/Policies_&Codes/Familiarisation%20Programme%20for%20Independent%20Directors.pdf)

### Meeting of Independent Directors:

In accordance to Schedule IV of the Companies Act, 2013 and the rules made there under, the meeting of Independent Directors of the Company shall be held at least once in the year without the attendance of non-independent directors and members of the management.

During the year, meeting of Independent Directors was held to review the performance of the Chairman, Non executive Directors, and Board as a whole and to assess the quality, quantity and timeliness of flow of information between the management and Board.

### Audit committee

The Audit Committee which acts as a link between the management, external and internal auditors and the Board of Directors of the Company is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitoring the scope and quality of Internal and Statutory Audits.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's financial reporting process and terms of reference of the Committee are as per the guidelines set out in Clause 49 of the listing agreement with the Stock Exchanges and Section 177 of the Companies Act, 2013 and it inter alia includes the following:

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company
2. To review quarterly, half-yearly and annual financial results of the Company before submission to the Board;
3. Approval or any Subsequent modification of transactions of the Company with related parties
4. Scrutiny of Inter - Corporate loans and Investments
5. Evaluation of Internal Financial controls and risk management systems
6. Such other matters as specified under clause 49 of Listing Agreement and requirements of section 177 of Companies Act, 2013 or as may be delegated by Board of Directors

#### **Composition**

As on March 31, 2015 the Audit Committee comprised of Mr. Swaminathan Sundararajan Mittur, Mr. S. Krishnan, Independent Directors and Mr. Mehul Choksi Managing Director of the Company.

Ms. Pankhuri Warange, Company Secretary is Secretary of the Committee. The Composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

All the members of the Audit Committee are financially literate as per the requirement of clause 49 of listing agreement.

#### **Meetings and Attendance during the year**

During the financial year ended March 31, 2015, four meetings of the committee were held. The attendance of committee members at the meetings was as follows:

<b>Name of Member</b>	<b>Status</b>	<b>No. of Meetings held during the year 2014-15</b>	<b>No. of Meetings Attended</b>
Mr. Swaminathan Sundararajan Mittur	Chairman	4	4
Mr. S. Krishnan	Member	4	4
Mr. Mehul Choksi	Member	4	4

#### **Stakeholder's Relationship Committee (formerly known as Stakeholders Relationship & Investor's Grievance Committee)**

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

#### **Composition**

As on March 31, 2015 the Stakeholders Relationship Committee comprised of Mr. Swaminathan Sundararajan Mittur as its chairman and Mr. S. Krishnan, as its other member. During the year, Mr. Dhanesh Sheth and Mr. Mehul Choksi resigned as the members of the Committee.

Ms. Pankhuri Warange, Company Secretary is Secretary of the Committee and is also compliance officer under listing agreement.

### Meetings and Attendance

During the financial year ended March 31, 2015, Six meetings of the committee were held. The attendance of Committee members at the meetings was as follows:-

Name of Member	No. of Meetings Held during the year 2014-15	No. of Meetings Attended
Mr. Swaminathan Sundararajan Mittur	6	4
Mr. S. Krishnan	6	4
Mr. Dhanesh Sheth	6	2
Mr. Mehul Choksi	6	2

Note :Reconstitution of Committee was done in the meeting held on May 30, 2014 in which Mr. Swaminathan Sundrarajan Mittur and Mr. S. Krishnan were appointed in place of the Mr. Dhanesh Sheth and Mr. Mehul Choksi

### Status of Shareholders'/Investors' Complaints

Particulars	No. of Complaints
Complaints pending as on April 1, 2014	NIL
Complaints received during the period April 1, 2014 to March 31, 2015	132
Complaints disposed off during the period April 1, 2014 to March 31, 2015	132
Complaints outstanding as on March 31, 2015	NIL

### Nomination & Remuneration committee (formerly known as 'Remuneration Committee')

In Compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, remuneration committee has been reconstituted to 'Nomination & Remuneration Committee'

### Composition

As on March 31, 2015 the Remuneration Committee comprised of Mr. Swaminathan Sundararajan Mittur as its Chairman and , Mr. S. Krishnan, and Mr. Dhanesh Sheth as its other members. Ms. Pankhuri Warange, Company Secretary is Secretary of the Committee.

### The terms and reference of nomination and remuneration committee broadly includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other senior management employees;
2. Formulation of criterion for evaluation Directors performance on the Board and also the performance of the Board as a whole.
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, by the committee and recommend their appointment and removal to the Board.

### Meetings and Attendance

During the financial year ended March 31, 2015, four meetings of the committee were held. The attendance of Committee members at the meetings was as follows:-

Name of Member	No. of Meetings Held during the year 2014-15	No. of Meetings Attended
Mr. Swaminathan Sundararajan Mittur	4	4
Mr. S. Krishnan	4	4
Mr. Dhanesh Sheth	4	4



**Remuneration of Non-Executive Directors and their shareholding**

Name of Directors	Sitting Fees Paid (₹)		No. of Shares held as on March 31, 2015
	Board Meeting	Audit Committee	
Mr. Dhanesh V. Sheth	Nil	Nil	Nil
Mr. Nehal Modi	Nil	Nil	NIL
Mr. S. Krishnan	1,00,000	80,000	NIL
Mr. Swaminathan Sundararajan Mittur	1,00,000	80,000	NIL
Ms. Nazura Ajaney*	60,000	NIL	NIL

\*Appointed with effect from August 13, 2014

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

**Remuneration of Executive Directors and their shareholding**

Name of the Directors	Remuneration paid during the year 2014-15	Number of shares held as on March 31, 2015
Mr. Mehul C. Choksi	₹ 48,00,000	3,03,43,018

Note :

- The Company has entered into agreement with Mr. Mehul Choksi for a period of five years effective from August 1, 2012. 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 2014-15, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

**Remuneration Policy :**

The Board of Directors has on the recommendation of the Committee framed a policy for selection and appointment of Directors, Senior management and their remuneration. The said policy has been attached as Annexure 1 of board's report

**Name, designation, address of the compliance officer**

**Name** : Ms. Pankhuri Warange  
**Designation** : General Manager - Legal & Secretarial and Company Secretary  
**Address** : A/1, 7<sup>th</sup> Floor, Laxmi Tower,  
 Bandra Kurla Complex,  
 Bandra (E) Mumbai – 400 051  
**Tel** : +91- 022 – 40354600/40102012  
**Fax** : +91- 022 - 40102005  
**Email** : [investors@gitanjaligroup.com](mailto:investors@gitanjaligroup.com)

**General Body Meetings****(A) Annual General Meetings:**

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

General Meeting & Financial Year	Day & Date	Time	Venue	Special Resolutions passed
26 <sup>th</sup> AGM - 2011-12	Friday, September 28, 2012	10.00 a.m	MCA Recreation Centre, RG-2, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	Issue of Fully Convertible Debentures to D.B. Corp Limited (DBCL) on preferential basis.
27 <sup>th</sup> AGM – 2012-13	Monday, September 30, 2013	9.00 a.m	MCA Recreation Centre, RG-2, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	NIL
28 <sup>th</sup> AGM – 2013-14	Monday, September 29, 2014	10.00 a.m	MCA Recreation Centre, RG-2, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	Adoption of new sets of Articles of Association (AOA) substituting existing AOA of the Company

**(B) Extra Ordinary General Meetings**

No Extraordinary General Meeting was held during the financial year 2014-15.

**(C) Special Resolution passed through Postal Ballot:**

Resolutions in relation to following items were passed on September 09, 2014, through postal ballot in accordance with the provisions of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014 :

- Issue of warrants on preferential basis upto amount not exceeding ₹ 175 crores to persons other than promoter as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Particulars	No. of Votes Cast	% of total votes cast
In favour of the resolution	3,94,07,585	90.50
Against the resolution	41,35,454	9.50

- Borrowing powers of the Board of Directors under section 180 (1) (C) of the Companies Act, 2013 upto ₹ 10000 crores

Particulars	No. of Votes Cast	% of total votes cast
In favour of the resolution	4,35,11,377	99.93
Against the resolution	31,391	0.07

- Authorisation to the Board for creation of Charge/hypothecation/mortgage of Movable and immovable properties of the Company under section 180 (1)(a) of the Companies Act, 2013

Particulars	No. of Votes Cast	% of total votes cast
In favour of the resolution	4,34,98,365	99.90
Against the resolution	44,098	0.10

- Making investment/Giving loan(s)/ any guarantee(s)/providing any securities under section 186 of the Companies Act, 2013 up to a limit not exceeding ₹ 7500 crores.

Particulars	No. of Votes Cast	% of total votes cast
In favour of the resolution	3,93,95,782	90.48
Against the resolution	41,45,906	9.52

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

## **Disclosures**

### **(i) Related Party Transactions**

The statement of related party transactions is placed before the board at every meeting. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed separately as Annexure in the Notes to Accounts in the Annual Report.

The policy on Related Party Transaction is hosted on the website of the Company under the web link: [http://media.corporate-ir.net/media\\_files/IROL/19/196729/Policies\\_&Codes/Related%20Party%20Transactions%20Policy.pdf](http://media.corporate-ir.net/media_files/IROL/19/196729/Policies_&Codes/Related%20Party%20Transactions%20Policy.pdf)

### **(ii) Compliance**

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

### **Means of communication**

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

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

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

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

All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NSE Electronic Application Processing System an application designed by National Stock Exchange of India Limited and on BSE Corporate Compliance & Listing Centre an application designed by BSE Limited

The Company has designated an e-mail id for registering investor complaints in the name of [investors@gitanjaligroup.com](mailto:investors@gitanjaligroup.com).

## **Compliance with other mandatory requirements**

### **(a) Management Discussion and Analysis**

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

### **(b) Subsidiaries**

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

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

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

audit report to BSE and NSE within 30 days from the end of each quarter in accordance with the SEBI requirements.

(d) **CEO/CFO Certification**

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

(e) **Risk Management**

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

(f) **Code of Conduct**

As provided under Clause 49 of the Listing Agreement and in line with the Company's objective of following the best Corporate Governance Standards the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The code has been circulated to all the members of the Board and Senior Management and the same had been put on the Company's website [www.gitanjaliigroup.com](http://www.gitanjaliigroup.com). The Board Members and the Senior Management personnel have affirmed their compliance with the Code of Conduct for the year ended March 31, 2015 and a declaration signed by Chairman and Managing Director forms part of annual report.

(h) **Whistle Blower Policy / Vigil Mechanism**

The Company has established Vigil Mechanism and adopted Whistle blower policy for its directors and employees to report concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimization of persons who use such mechanism. The Company has formulated a Whistle blower policy, and brief details thereof has been posted on the website of the Company and is accessible at the below web link

[http://media.corporate-ir.net/media\\_files/IROL/19/196729/Policies\\_&Codes/Whistle%20Blower%20Policy%20with%20Vigil%20Mechanism%20Policy.pdf](http://media.corporate-ir.net/media_files/IROL/19/196729/Policies_&Codes/Whistle%20Blower%20Policy%20with%20Vigil%20Mechanism%20Policy.pdf)

We affirm that no personnel was denied access to the audit committee.

**General shareholders information**

a) **Annual General Meeting**

**Date & Time** : September 30, 2015 at 9.00 A.M

**Venue** : Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

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

c) **Dates of Book Closure**

Our register of members and share transfer books will remain closed from Saturday, September 19, 2015 to Wednesday, September 30, 2015 (both days inclusive) for the purpose of AGM

d) **Listing on Stock Exchanges**

Name of Stock Exchange	Stock Code / symbol	Address	ISIN
BSE Limited	532715	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	INE346H01014
National Stock Exchange of India Limited	GITANJALI	Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	INE346H01014

e) **Listing Fees**

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

**f) Market Price Data**

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

Stock Exchange Month	Bombay Stock Exchange Limited*		National Stock Exchange of India Limited*	
	High ₹	Low ₹	High ₹	Low ₹
April-14	70.80	59.55	70.80	59.50
May-14	108.75	61.00	109.00	61.00
June-14	101.60	74.50	101.40	74.20
July-14	98.35	68.00	98.40	62.45
August-14	76.50	63.05	76.40	62.50
September-14	74.85	63.00	74.75	63.10
October-14	64.55	56.15	64.50	56.00
November-14	61.50	43.75	61.35	50.00
December-14	68.15	49.55	68.10	49.40
January-15	56.00	46.70	56.00	46.60
February-15	57.35	45.90	57.40	46.00
March-15	52.45	39.00	52.25	39.50

\*Source - Respective websites of BSE & NSE.

**g) Registrars & Share Transfer Agents**

KARVY COMPUTERSHARE PRIVATE LIMITED

Gitanjali Gems Limited Unit

Karvy Selenium Tower B, Plot No.31-32,

Gachibowli, Financial District, Hyderabad-500081

Phone: 040-67162222, Fax: 040-23001153,

Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

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

**h) Debentures Trustee**

Axis Trustee Services Limited

2<sup>nd</sup> Floor, AXIS house, Bombay Dyeing Mills compound,

Panduranga Budhkar Marg, Worli, Mumbai – 400 025

**Tel:** 022 2425 5237

**Fax:** 022 2425 4200

**e-mail:** [debenturetrustee@axistrustee.com](mailto:debenturetrustee@axistrustee.com)

**Website:** [www.axistrustee.com](http://www.axistrustee.com)

**i) Share Transfer System**

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

**j) Distribution of Share Holding as on March 31, 2015**

No. of Shares	Shareholders		Shares held	
	Nos.	%	Nos.	%
001 to 5000	66558	86.87	8216443	8.37
5001 to 10000	5297	6.91	4315598	4.40
10001 to 20000	2467	3.22	3788262	3.86
20001 to 30000	820	1.07	2115687	2.16
30001 to 40000	382	0.50	1375068	1.40
40001 to 50000	311	0.41	1457717	1.49
50001 to 100000	435	0.57	3164216	3.22
100001 and above	332	0.45	73687460	75.10
<b>TOTAL</b>	<b>76602</b>	<b>100</b>	<b>98120451</b>	<b>100</b>

**k) Dematerialization of equity shares**

As on March 31, 2015, 564 Equity shares of the Company constituting 0.01 per cent of the share capital were held in physical form and the balance 98119887 equity shares constituting 99.99 per cent of the share capital were held in dematerialized form.

**l) Liquidity**

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

**m) Outstanding GDRs / ADRs / Warrants or any convertible instruments****i) Convertible Warrants**

During the year under review, the Company has allotted 23,547,194 warrants on preferential basis to persons other than promoters. The said warrants carries an option / entitlement to subscribe to equivalent number of Equity Shares of ₹ 10/- each at a future date, not exceeding 18 (eighteen) months from the date of issue of such warrants at a price of ₹ 72.39/- which includes a premium of ₹ 62.39/- per share.

**n) Corporate Identification Number (CIN)**

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

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

During the year under review, the Company transferred ₹ 103,158/- to investor education and protection fund in relation to unclaimed and unpaid dividend amount for the dividend for the financial year 2006-07

**p) Plant Locations**

LOCATION	ADDRESS
<b>Mumbai</b>	1. Plot No.61, SEEPZ, Andheri (E), Mumbai - 400096 2. Plot no 131/90, Marol Co-operative Industrial Estate, M.V. Road, opp Star Audio, Marol Bhawan, Marol, Andheri (E), Mumbai – 400 059 3. Plot no 20, Marol Co-operative Industrial Estate, M.V. Road, opp Star Audio, Marol Bhawan, Marol, Andheri (E), Mumbai – 400 059
<b>Surat</b>	Diamond Part 2, 2nd & 3rd floor, opp. Savani Estate, Varachha Road, Surat – 395006
<b>Hyderabad</b>	Survey No.1/1, Raviryala Village Road, Maheshwaram Mandal, R.R. District, Hyderabad – 501510.
<b>Jaipur</b>	Basement & Ground floor, G-185, EPIP, Sitapura Industrial Area, Jaipur-302022.
<b>Thailand</b>	99/29, Moo 5, Tambon Pasak, Amphur Muang, Lamphun 51000, Thailand

## q) Shareholding Pattern as on March 31, 2015

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage of Shareholding
(A)	<b>Shareholding of Promoter and Promoter Group</b>			
	1) Indian			
	a) Individuals/ Hindu Undivided Family	1	30343018	30.92
	b) Central Government/ State Government(s)	0	0	-
	c) Bodies Corporate	4	4251686	4.33
	d) Financial Institutions/ Banks	0	0	-
	e) Any Other (specify)	0	0	-
	<b>Sub-Total (A)(1)</b>	<b>5</b>	<b>34594704</b>	<b>35.25</b>
	2) Foreign			
	a) Individuals (Non- Resident Individuals/ Foreign Individuals)	0	0	-
	b) Bodies Corporate	0	0	-
	c) Institutions	0	0	-
	d) Any Other (specify)	0	0	-
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>-</b>
	Total Shareholding of Promoter and Promoter Group <b>A</b> = (A)(1)+(A)(2)	<b>5</b>	<b>34594704</b>	<b>35.25</b>
(B)	<b>PUBLIC SHAREHOLDING</b>			
	(1). Institutions			
	a) Mutual Funds/ UTI	1	864	0.00
	b) Financial Institutions/ Banks	6	4865351	4.96
	c) Central Government/ State Government(s)	0	0	0
	d) Venture Capital Funds	0	0	0
	e) Insurance Companies	0	0	0
	f) Foreign Institutional Investors	10	5203378	5.30
	g) Foreign Venture Capital Investors	0	0	0
	h) Qualified Foreign Investors	0	0	0
	i) Any other (specify)	0	0	0
	i-i) Foreign Portfolio Investor	3	97177	0.10
	<b>Sub-Total (B)(1)</b>	<b>20</b>	<b>10166770</b>	<b>10.36</b>
	(2) Non-Institutions			
	(a) Bodies Corporate	859	25146375	25.63
	(b) Individuals			
	i. Individual shareholders holding nominal Share capital up to ₹1 lakh	73051	21624352	22.04
	ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh	151	3258302	3.32
	(c) Qualified Foreign Investors	0	0	-
	(d) Any Other			
	(d-i) Clearing Member	153	445788	0.45
	(d-ii) NRI	813	1964762	2.00
	(d-iii) HUF	1549	603386	0.61
	(d-iv) Trust	1	316012	0.32
	<b>Sub-Total (B)(2)</b>	<b>76577</b>	<b>53358977</b>	<b>54.38</b>
	Total Public Shareholding <b>(B)</b> = (B)(1)+(B)(2)	<b>76597</b>	<b>63525747</b>	<b>64.74</b>
	<b>Total (A)+(B)</b>	<b>76602</b>	<b>98120451</b>	<b>100</b>
	<b>Grand Total (A)+(B)+( C )</b>	<b>76602</b>	<b>98120451</b>	<b>100</b>

**r) Address for Correspondence****Shareholding related queries**

KARVY COMPUTERSHARE PRIVATE LIMITED  
 Gitanjali Gems Limited Unit  
 Karvy Selenium Tower B, Plot No.31-32,  
 Gachibowli, Financial District, Hyderabad-500081  
 Phone: 040-67162222, Fax: 040-23001153,  
 Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
[www.karvy.com](http://www.karvy.com)

**General correspondence:**

Gitanjali Gems Limited  
 A/1, 7<sup>th</sup> Floor, Laxmi Tower,  
 Bandra Kurla Complex, Bandra (E), Mumbai – 400 051  
**Tel:** +91-022-40354600; **Fax:** +91-022-40102005  
**Email:** [investors@gitanjaligroup.com](mailto:investors@gitanjaligroup.com)

**Depository**

National Securities Depository Limited,  
 Trade World, A Wing, 4<sup>th</sup> and 5<sup>th</sup> Floor  
 Kamala Mills Compound, Senapati Bapat Marg,  
 Lower Parel, Mumbai – 400013  
 Tel – 022-24994200  
 Fax – 022-24976351  
 e-mail – [info@nsdl.co.in](mailto:info@nsdl.co.in)  
 website – [www.nsdl.co.in](http://www.nsdl.co.in)

Central Depository Services (India) Limited  
 Phiroze Jeejeebhoy Towers, 17<sup>th</sup> Floor,  
 Dalal Street, Fort, Mumbai – 400001  
 Tel – 022-22723333  
 Fax – 022-22723199  
 e-mail – [investors@cdslindia.com](mailto:investors@cdslindia.com)  
 website – [www.cdslindia.com](http://www.cdslindia.com)

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

1. We have examined the compliance of conditions of Corporate Governance by Gitanjali Gems Limited for the year ended on March 31, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanation given to us and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Chartered Accountants**  
**Firm Registration No. 102860W**  
**(A.D.SHENOY)**

**Partner**  
**Membership No.: 11549**

**Place: Mumbai**  
**Date: August 14, 2015**



**CERTIFICATE UNDER CLAUSE 49(IX) OF LISTING AGREEMENT**

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

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
- (d) We have indicated to the auditors and the audit committee that :
  - (i) There was no significant change in internal control system during the year;
  - (ii) There was no significant change in accounting policies during the year; and
  - (iii) There was no instance of significant fraud during the year which we have become aware.

**For Gitanjali Gems Limited**  
**(Mehul C. Choksi)**  
**Chairman & Managing Director**

**For Gitanjali Gems Limited**  
**(Chandrakant Karkare)**  
**Chief Financial Officer**

**Place: Mumbai**  
**Date: May 29, 2015**

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT**

I, Mehul C. Choksi, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management as provided under Clause 49 (II) (E) of the Listing Agreement with the Stock exchanges. The Board Members and Senior Management have confirmed compliance with the Code of Conduct for the year ended March 31, 2015.

**For GITANJALI GEMS LIMITED**

**Place: Mumbai**  
**Date: May 29, 2015**

**(Mehul C. Choksi)**  
**Managing Director**

## **INDEPENDENT AUDITOR'S REPORT**

**To the members of Gitanjali Gems limited**

**Report on the Financial Statements for the year ended 31<sup>st</sup> March, 2015**

We have audited the accompanying financial statements of **Gitanjali Gems Limited** ("the Company") which comprises of the Balance Sheet as at 31<sup>st</sup> March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act.

Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### **Emphasis of matter**

We draw attention to

- a. Note No. 27a relating to 12% Non-Convertible Debenture issued to LIC where company has not paid overdue principal of ₹ 243.73 lacs. Further, the Company has not created cash deposit as required by Circular 4/2013 dated 11th February 2013 of GOI, MCA in respect of debentures installments maturing during the following year.

- b. Note No. 27d relating to overdrawn position of ₹ 7,029 Lacs in working capital borrowing from consortium of bankers.
- c. Note No. 33 relating to non- payment of Self Assessment Tax of ₹ 2,163.32 Lacs for Assessment year 2013-14.

(As fully described in respective notes)

Our opinion is not qualified in respect of above matters.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), as issued by Central Government of India in terms of sub section (11) of section 143 of Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2015, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013, and

- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
  - ii. As represented by the company, there are no foreseeable material losses in respect of long-term contracts including derivative contracts – Refer Note 49 to the financial statements;
  - iii. There has been no delay in transferring amounts required to be transferred to Investor Education and Protection Fund by the holding Company.

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

**A.D. Shenoy**  
**Partner**  
**Membership No. 11549**

Place: Mumbai  
 Date: 29<sup>th</sup> May, 2015

## Annexure to the Auditors' Report

**[Referred to in paragraph pertaining to “Report on Other Legal and Regulatory Requirement” of our Report of even date to the members of Gitanjali Gems limited on the financial statements for the year ended 31<sup>st</sup> March, 2015]**

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) During the year Fixed Assets have been physically verified by the management. The discrepancies between the book records and the physical inventory are not material and have been adjusted in the books. In our opinion, the frequency of verification is reasonable.
2. a) As explained to us the inventories have been physically verified by the management during the year and also at the end of the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion and according to the information and explanations given to us, the company has maintained proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records have been properly dealt with by the company
3. The Company has granted unsecured loans, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Said loans are interest free and there is no stipulation as to repayment.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that certain items purchased are of special nature for which suitable alternative sources are not readily available for obtaining comparative quotations, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed asset and for sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. The Company has accepted deposits from the public, within the meaning of Sections 73 to 76 of Companies Act 2013 and the rules framed there under. In our opinion and according to the information and explanations given to us the company has complied with the provision of Section 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules 2014.
6. The Central Government has not prescribed maintenance of cost records under Section 148 of the Companies Act 2013.
7. a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues as applicable with the appropriate authorities however it is noticed that there has been delays in payment of some of the statutory dues. There are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31<sup>st</sup> March, 2015 except Self Assessment tax of ₹ 2,163.32 lacs for year ended 31<sup>st</sup> March, 2013 which is outstanding for a period of more than six months from the date it became payable which we are informed is due to continuing liquidity constraints face by the Group since May 2013 as described in Notes to Consolidated Financial statements
- b) According to the information and explanations given to us by the Management and as per the records of the Company examined by us, there is no disputed dues in respect of Wealth tax, Excise duty and Cess not deposited as at

31<sup>st</sup> March 2015 except dispute in respect of income tax & service tax as under :

Sr. No.	Assessment Year	Amount in ₹ in Lacs	Remark
<b>Income Tax Act,1961</b>			
1	2006-2007	878.66	Section 143(3) r.w.s 153 A
2	2007-2008	610.79	Section 143(3) r.w.s 147
3	2008-2009	6,065.15	Section 143(3) r.w.s 153 A
4	2009-2010	1,567.22	Section 143(3) r.w.s 153 A
5	2010-2011	5,023.14	Section 143(3) r.w.s 153 A
6	2011-2012	8,995.49	Section 143(3) r.w.s 153 A
7	Various year	211.10	TDS demand as per TRACES
<b>Service tax</b>			
8	Service tax	540.81	Appeal filed with excise authorities

The above Income Tax demands are as consequence to assessment under Section 153 A and reassessment for AY 2006-07 to AY 2011-12 and are mainly on account of additions due to disallowance of business expenses, disallowance of exemption and transfer pricing adjustment.

In respect of Assessment year 2007-08 in addition to above, there is a demand by tax authority under assessment under Section 143(3) r.w.s. 153 A with demand of ₹ 473.90 Lacs. The company has filed appeal against the said order. This orders and appeal is not likely to have effect in view of the assessment under section 143(3) r.w.s 147 and therefore it is not included under above figure of disputed Income Tax.

The Company has filed appeal against service tax assessments in respect of assessed service tax payable of ₹ 540.81 lacs on service component relating to FCCB, GDR, etc. Based on the internal assessment of the company, the demand is not likely to be crystallized.

- c) The amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of Companies Act, 1956 (1 of 1956) and rules there under are transferred to such fund within time.
8. The Company is registered over 5 years. The Company has not incurred any cash loss in the current financial year however has incurred cash

loss in the immediately preceding financial year. The company does not have accumulated losses at the end of the financial year.

9. Based on our audit procedures and as per the information and explanation given to us by the management, during the year the company has delayed in timely repayment of its dues to banks for ECB & for working capital facilities and to Financial institution for debentures. Further following amount due during the year are outstanding as at 31<sup>st</sup> March 2015:
- In respect of 12% Non convertible Debenture issued to LIC of India principal of ₹ 243.73 lacs
  - Overdrawn bank facilities aggregating to ₹ 7029 lacs mainly on account of non servicing of interest which we are informed is due to continuing liquidity constraints face by the Group since May 2013 as described in Notes to Consolidated Financial statements.
10. According to records of the company examined by us and the information and explanation given to us by the management, the terms and conditions of the guarantee given by the company for loans taken by subsidiaries from banks or financial institutions are prima facie not prejudicial to the interest of the company.
11. The Company has not obtained any term loans except for External commercial borrowing obtain from foreign branch of Indian banks. The same has been applied for the purpose it was obtained.
12. Based upon the audit procedures performed and information and explanations given by the management, we report that we have not come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

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

**A.D. Shenoy**  
**Partner**  
**Membership No.11549**

Place: Mumbai  
Date: 29<sup>th</sup> May, 2015

**BALANCE SHEET AS AT 31ST MARCH,**

	Note	2015	(₹ In Lacs) 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	9,812.05	9,206.55
Reserves and Surplus	3	277,354.08	272,173.17
Money Received against Share Warrants	26	4,261.45	-
		<u>291,427.58</u>	<u>281,379.72</u>
<b>Non Current Liabilities</b>			
Long Term Borrowings	4	67,706.78	63,717.87
Deferred Tax Liabilities (net)	40	31.28	63.66
Long Term Provisions	5	319.53	275.87
		<u>68,057.59</u>	<u>64,057.40</u>
<b>Current Liabilities</b>			
Short Term Borrowings	6	435,743.55	421,513.38
Trade Payables	7	135,702.81	66,372.81
Other Current Liabilities	8	12,222.22	25,860.63
Short Term Provisions	9	45.92	56.20
		<u>583,714.50</u>	<u>513,803.02</u>
<b>TOTAL</b>		<u><b>943,199.67</b></u>	<u><b>859,240.14</b></u>
<b>II. ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	10		
Tangible Assets		2,651.69	3,044.82
Capital Work in Progress		38.80	5.60
Non Current Investments	11	141,466.16	141,479.57
Long Term Loans & Advances	12	7,482.46	17,503.36
Other non Current Assets	13	11,972.60	11,270.06
		<u>163,611.71</u>	<u>173,303.41</u>
<b>Current Assets</b>			
Inventories	14	202,585.33	101,674.71
Trade Receivables	15	542,379.91	524,586.26
Cash and Bank Balance	16	7,010.90	13,049.30
Short Term Loans & Advances	17	27,611.82	46,626.46
		<u>779,587.96</u>	<u>685,936.73</u>
<b>TOTAL</b>		<u><b>943,199.67</b></u>	<u><b>859,240.14</b></u>

Significant Accounting Policies

Notes To Accounts

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

This is the Balance Sheet referred to in our report of even date.

As per our attached report of even date.

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

Chartered Accountants

ICAI Firm Regn No : 102860W

**A. D. Shenoy**

Partner

**M. No. 11549**

Place : Mumbai

Dated : May 29, 2015

For and on behalf of the Board

**Mehul C. Choksi**  
Managing Director**Dhanesh Sheth**  
Director**Pankhuri Warange**  
Company Secretary**Chandrakant Karkare**  
Chief Financial Officer

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


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	Note	2015	(₹ In Lacs) 2014
<b>Revenue</b>			
Revenue From Operations	18	715,792.84	734,303.46
Other Income	19	5,190.19	5.00
<b>Total Revenue</b>		<u>720,983.03</u>	<u>734,308.46</u>
<b>Expenses</b>			
Purchase of Raw Material & Traded Goods	20	742,801.57	611,000.07
Changes in Inventories	21	(100,910.62)	47,284.16
Employee Benefit Expenses	22	2,428.80	2,026.06
Finance Cost	23	52,365.17	41,418.56
Depreciation & Amortization Expenses	10	459.11	476.14
Other Expenses	24	21,985.25	34,360.69
<b>Total Expenses</b>		<u>719,129.28</u>	<u>736,565.68</u>
<b>Profit / (Loss) before Exceptional Items and Tax</b>		<b>1,853.75</b>	(2,257.22)
Exceptional Items	25	<u>0.28</u>	<u>(137.37)</u>
<b>Profit Before Tax</b>		<b>1,854.03</b>	(2,394.59)
<b>Tax Expenses</b>			
(1) Current Tax		370.00	-
(2) MAT Credit		(370.00)	-
(3) Deferred Tax		(32.38)	(129.38)
<b>Profit / (Loss) for the Year</b>		<u>1,886.41</u>	<u>(2,265.21)</u>
Earning per Share :			
(1) Basic	39	1.94	(2.46)
(2) Diluted	39	1.92	(2.30)
Significant Accounting Policies	1		
Notes To Accounts	2 to 50		
Significant Accounting Policies and Notes attached thereto form an integral part of Financial Statements			
This is the Statement of Profit & Loss referred to in our report of even date.			

As per our attached report of even date.

For and on behalf of the Board

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

Chartered Accountants

ICAI Firm Regn No : 102860W

**A. D. Shenoy**

Partner

**M. No. 11549****Mehul C. Choksi**

Managing Director

**Dhanesh Sheth**

Director

Place : Mumbai

Dated : May 29, 2015

**Pankhuri Warange**

Company Secretary

**Chandrakant Karkare**

Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

Particulars	( ₹ In Lacs)	
	2015	2014
<b><u>CASHFLOW FROM OPERATING ACTIVITIES :</u></b>		
Net profit before Tax	1,854.03	(2,394.59)
<b><u>Adjustment for :</u></b>		
Depreciation	459.11	476.14
Interest (net)	52,365.17	41,418.56
Bad Debts W/off	4,985.33	7,831.15
Gratuity and Leave Encashment Provision	97.51	4.59
Exchange (Gain)/Loss	(4,047.47)	(22,474.80)
Write off of Fixed Assets	73.12	-
Loss / (profit) on Sale of Shares	-	137.37
Loss / (Profit) on sale of Fixed Assets	(0.28)	-
	53,932.49	27,393.01
<b><u>Changes in Working Capital :</u></b>		
(Increase)/Decrease in Inventories	(100,910.62)	47,284.16
(Increase)/Decrease in Sundry Debtors	(12,561.60)	(94,550.92)
(Increase)/Decrease in Loans & Advances	21,800.11	41,345.28
Increase/(Decrease) in Current Liabilities / Provisions	61,183.64	(221,790.34)
	(30,488.47)	(227,711.82)
Income Tax Paid	(161.26)	(460.88)
	23,282.76	(200,779.69)
<b><u>CASHFLOW FROM INVESTING ACTIVITIES :</u></b>		
Purchase of Investments (Net)	13.41	18,900.00
Purchase of Fixed Assets	(172.82)	(335.53)
Sale of Fixed Assets	0.79	717.75
	(158.62)	19,282.22
<b><u>CASHFLOW FROM FINANCING ACTIVITIES :</u></b>		
Issue of Share Warrants	4,261.45	-
Changes in Bank Borrowing	11,659.25	183,258.78
Repayment of External Commercial Borrowings	(3,043.56)	(972.61)
Proceeds of Unsecured Loans	6,423.14	(481.24)
Repayment of NCD	(1,504.77)	-



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

( ₹ In Lacs)

Particulars	2015		2014	
Issue/(Maturity) of Fixed Deposit Scheme		(39.40)	227.29	
Interest paid (net)	(48,772.68)	(31,016.57)	(40,167.93)	141,864.29
Net increase/(decrease) in cash and cash equivalents		(6,038.40)		(42,027.77)
Cash and cash equivalents at the beginning of the year		13,049.30		55,077.07
Cash and cash equivalents at the end of the year		7,010.90		13,049.30
<b><u>Components of Cash and Cash equivalents at the year end</u></b>				
<u>Balance with Banks</u>				
In Currents Account		584.74		677.71
In Fixed Deposit Accounts	6,405.62	6,990.36	12,363.70	13,041.41
Cash on Hand		20.54		7.89
		7,010.90		13,049.30

Notes :

- Cash Flow statement has been prepared under the indirect method as set out in the accounting standard 3 as per the Companies (Accounting Standards) Rule 2006.
- Previous Year figures have been restated and regrouped wherever necessary.
- Figures in bracket indicates outflows.
- Balance with banks includes unclaimed dividend of ₹ 15.84 Lacs ( Previous Year ₹ 16.91 Lacs)
- FD with banks includes deposit of ₹ 1,913.92 Lacs (Previous year : ₹ 1,795.01 Lacs) with maturity of more than 12 months.

As per our attached report of even date.

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

Chartered Accountants

ICAI Firm Regn No : 102860W

For and on behalf of the Board

**A. D. Shenoy**

Partner

**M. No. 11549****Mehul C. Choksi**

Managing Director

**Dhanesh Sheth**

Director

Place : Mumbai

Dated : May 29, 2015

**Pankhuri Warange**

Company Secretary

**Chandrakant Karkare**

Chief Financial Officer

## Notes Forming Part of the Financial Statements for the Year Ended March 31, 2015

### Company Background:

The Company is engaged in the business of trading, manufacturing, import and export of Diamond Cutting and Polishing, Diamond Studded Jewellery and Plain Gold Jewellery. For this purpose the company has its own manufacturing facilities at Mumbai, Surat and Hyderabad within and outside the Special Economic zone (SEZ). The company also purchases jewellery produced by reputed manufacturers. During the year, as a part of restructuring the company has resolved to merge one of its wholly owned subsidiary company with itself.

### NOTE – 01

#### Statement of Significant Accounting Policies:

#### 1) **Basis of Preparation of Financial Statements**

The Financial statements of the Company have been prepared on accrual basis under the historical cost Convention, in accordance with generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards specified in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and relevant provisions of the Companies Act, 2013.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

#### 2) **Use of estimates**

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

#### 3) **Fixed Assets**

##### (a) Tangible Assets:

Fixed assets are recorded at the cost of acquisition inclusive of freight, duties, taxes and incidental expenses related to acquisition. Expenditure incurred during construction period has been added to the cost of assets. Application software bundled with hardware are capitalized along with such hardware/computers/server.

##### (b) Leased Assets:

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

#### 4) **Impairment of Assets:**

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

### 5) Depreciation / Amortisation

Depreciation on Fixed Assets is provided on WDV method over the useful lives of the assets, as prescribed under Schedule II of the Companies Act, 2013 with effect from 1st April, 2014. The expenditure incurred on improvement to leasehold premises is written off evenly over the period of the lease. Individual Assets costing below ₹ 5000/- each are fully depreciated in the year of acquisition.

### 6) Investment

- i) Long – term investments including investment in Subsidiaries are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.
- ii) Current investments are carried individually, at lower of cost and fair value.  
Cost of investments include acquisition charges such as brokerage, fees and duties.

### 7) Foreign Currency Transactions

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

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

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

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

### 8) Revenue Recognition

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

### 9) Inventories

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

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

### 10) Employee Benefits

- i. Defined Benefit Plan – Leave Salary:

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

ii. **Defined Contribution Plans :**

Contributions payable by the Company to the concerned Government authorities in respect of Provident Fund, Family Pension Fund and Employees State Insurance are charged to Statement of Profit & Loss.

iii. **Defined Benefit Plan – Gratuity:**

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

**11) Borrowing Costs**

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

**12) Taxation**

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

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

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

**13) Earnings Per Share**

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

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

**14) Segment Reporting**

The Company is primarily engaged in the business of Diamond and jewellery comprising of Diamond Studded Jewellery and Plain Gold Jewellery. This represents a primary segment. The company operates in India as well as abroad. The secondary segmental reporting is on the basis of the geographical location of its customers.

**15) Cash Flow Statement**

Cash flows are reported using indirect methods as set out in Accounting Standard (AS) – “Cash Flow Statement”, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents :

Cash comprises cash at bank and in hand and demand deposits with banks. Cash equivalents are short term balances that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**16) Provisions for Contingent Liabilities and Contingent Assets**

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

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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	(₹ In Lacs)	
	2015	2014
<b>NOTE 2 - Share Capital</b>		
<b>Authorised :</b>		
150,000,000 Equity Shares of ₹ 10/- each	15,000.00	15,000.00
(Previous year 150,000,000 Equity shares of ₹ 10/-each )		
	<u>15,000.00</u>	<u>15,000.00</u>
<b>Issued, Subscribed &amp; Paid up :</b>		
9,81,20,451 ( Previous Year 9,20,65,491 )Equity Shares of ₹ 10 each fully paid up	9,812.05	9,206.55
(Refer Note No. 26)		
<b>TOTAL</b>	<u>9,812.05</u>	<u>9,206.55</u>
<b>NOTE 3 - Reserves &amp; Surplus</b>		
<b>Capital Reserve</b>	3,120.00	3,120.00
<b>Capital Redemption Reserve</b>	79.29	79.29
<b>Share Premium Account</b>		
Balance as per Last Balance Sheet	129,677.40	129,677.40
Add : Addition on conversion of FCD	3,294.50	-
Closing Balance	<u>132,971.90</u>	<u>129,677.40</u>
<b>Debenture Redemption Reserve</b>	10,000.00	10,000.00
<b>General Reserve</b>	13,578.27	13,578.27
<b>Statement of Profit &amp; Loss</b>		
Balance as per Last Balance Sheet	115,718.21	114,752.05
Add : Surplus as per Statement of Profit & Loss	1,886.41	(2,265.21)
	<u>117,604.62</u>	<u>112,486.84</u>
<b>Less : Appropriations</b>		
Proposed Dividend	-	(2,761.97)
Tax on Dividend	-	(469.40)
	-	(3,231.37)
	<u>117,604.62</u>	<u>115,718.21</u>
<b>TOTAL</b>	<u>277,354.08</u>	<u>272,173.17</u>

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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	(₹ In Lacs)	
	2015	2014
<b>NOTE 4 - Long Term Borrowings</b>		
<b>Secured</b>		
Non Convertible Debentures	4,660.00	-
External Commercial Borrowing	53,061.05	59,590.58
<b>Unsecured</b>		
Loans & Advance from Related Parties	9,797.84	-
Fully Convertible Debentures	-	3,900.00
Fixed Deposit Scheme	187.89	227.29
(Refer Note No. 27)		
<b>TOTAL</b>	<u>67,706.78</u>	<u>63,717.87</u>
<b>NOTE 5 - Long Term Provisions</b>		
Provision for Employee Benefits	319.53	275.87
(Includes provision for Gratuity & Leave Encashment)		
(Refer Note No. 41)		
<b>TOTAL</b>	<u>319.53</u>	<u>275.87</u>
<b>NOTE 6 - Short Term Borrowings</b>		
<b>Secured</b>		
Working Capital Facilities from Banks	435,743.55	421,513.38
(Refer Note No. 27)		
<b>TOTAL</b>	<u>435,743.55</u>	<u>421,513.38</u>
<b>NOTE 7 - Trade Payables</b>		
Creditors for Goods	128,556.38	51,315.05
Creditors for Expenses	7,146.43	15,057.76
<b>TOTAL</b>	<u>135,702.81</u>	<u>66,372.81</u>
<b>NOTE 8 - Other Current Liabilities</b>		
Interest Accrued but not Due on Borrowings	1,195.31	4,296.97
Unpaid Dividends	15.85	16.91
Bank Overdraft	293.63	-
<b><u>Current Maturity of Long Term Debts</u></b>		
Non Convertible Debentures	1,647.73	7,812.50
External Commercial Borrowing	8,765.16	3,163.01
<b><u>Other Payables</u></b>		
Advance Received from Customers	26.33	10,284.54
Statutory Liabilities	278.21	286.70
<b>TOTAL</b>	<u>12,222.22</u>	<u>25,860.63</u>
<b>NOTE 9 - Short Term Provisions</b>		
Provision for Employee Benefits	45.92	56.20
<b>TOTAL</b>	<u>45.92</u>	<u>56.20</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK	
	2014	Additions	Deductions/ Adjustment	2015	2014	Provided for the year	Deductions/ Adjustment	2015	2014
Freehold land	817.88	-	-	817.88	-	-	-	817.88	817.88
Factory Building	1,356.25	-	152.42	1,203.83	730.93	21.38	112.99	564.51	625.32
Office Premises	623.12	-	-	623.12	165.87	16.33	(12.58)	428.34	457.25
Plant & Machinery	773.64	7.32	170.27	610.69	578.30	53.54	272.79	359.05	195.34
Furniture & Fixture	1,322.06	36.36	344.68	1,013.74	863.11	132.61	335.06	660.66	458.95
Office Equipments	204.88	1.82	124.27	82.43	132.23	30.03	109.92	52.34	72.65
Computers	1,204.38	94.12	723.19	575.31	845.37	182.91	621.17	407.11	359.01
Vehicles	196.16	-	134.59	61.57	158.92	12.91	128.87	42.96	37.24
Moulds & Master	129.84	-	-	129.84	108.66	9.40	7.56	110.50	21.18
<b>TOTAL</b>	<b>6,628.21</b>	<b>139.62</b>	<b>1,649.42</b>	<b>5,118.41</b>	<b>3,583.39</b>	<b>459.11</b>	<b>1,575.78</b>	<b>2,466.72</b>	<b>3,044.82</b>
Previous Year Figures	6,328.74	329.93	30.46	6,628.21	3,123.89	476.14	16.64	3,583.39	3,044.82

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK	
	2014	Additions	Deductions/ Adjustment	2015	2014	Provided for the year	Deductions/ Adjustment	2015	2014
Capital Work-in-Progress	5.60	40.20	7.00	38.80	-	-	-	-	5.60
<b>TOTAL</b>	<b>5.60</b>	<b>40.20</b>	<b>7.00</b>	<b>38.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.60</b>
Previous Year Figures	703.93	5.60	703.93	5.60	-	-	-	-	5.60



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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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	(₹ In Lacs)	
	2015	2014
<b>NOTE 11 - Non Current Investments</b>		
<b>Investment in Equity Instruments</b>		
<b><u>Domestic Subsidiaries</u></b>		
1,72,50,000 Equity Shares of ₹ 10/- each fully paid up of Gitanjali Exports Corporation Limited (Previous Year : 1,72,50,000 Equity Shares)	<b>37,006.50</b>	37,006.50
1,74,91,053 Equity Shares of ₹ 5/- each of Gitanjali Brands Ltd (Previous Year : 1,74,91,053 Equity Shares of ₹5/- each)	<b>21,012.91</b>	21,012.91
50,000 Equity Shares of ₹ 10/- Each of Hyderabad Gems SEZ Ltd. (Previous Year : 50,000 Equity Shares)	<b>5.00</b>	5.00
10,00,000 Equity Shares of ₹ 10/- Each of Gitanjali Jewellery Retail Ltd (Formerly Known as Modali Jewels Pvt Ltd) (Previous Year : 10,00,000 Equity Shares)	<b>80.00</b>	80.00
5,00,00,000 Equity Shares of ₹ 10/- Each of Gitanjali Infratech Ltd (Previous Year : 5,00,00,000,Equity Shares)	<b>5,000.00</b>	5,000.00
2,50,00,000 Equity Shares of ₹ 10/- Each of Gitanjali Lifestyle Ltd (Previous Year : 2,50,00,000 Equity Shares)	<b>5,280.00</b>	5,280.00
50,000 Equity Shares of ₹ 10/- Each of Nashik Multi Services SEZ Ltd (Previous Year : 50,000 Equity Shares)	<b>5.00</b>	5.00
50,000 Equity Shares of ₹ 10/- Each of Eureka Finstock Pvt. Ltd (Previous Year : 50,000 Equity Shares)	<b>5.00</b>	5.00
50,000 Equity Shares of ₹ 10/- Each of Decent Securities & Finance Pvt. Ltd (Previous Year : 50,000 Equity Shares)	<b>5.00</b>	5.00
50,000 Equity Shares of ₹ 10/- Each of N & J Finstock Pvt Ltd (Previous Year : 50,000 Equity Shares)	<b>4.50</b>	4.50
84,85,011 Equity Shares of ₹ 10/- Each of MMTC Gitanjali Ltd (Previous Year : 85,02,600 Equity Shares)	<b>848.50</b>	850.26
20,00,000 Equity Shares of ₹ 10/- each of Decent Investment and Finance Ltd (Previous Year : 20,00,000 Equity Shares)	<b>1,630.00</b>	1,630.00
<b><u>Associate Companies</u></b>		
99,000 Equity Shares of ₹100/- each fully paid up of eGitanjali Limited. (Formerly Known as Mehul Impex Limited) (Previous Year : 99,000 Equity Shares)	<b>99.00</b>	99.00
<b><u>Investment in Preference Shares</u></b>		
10,18,795 - 4% Non - Cumulative Redeemable Preference Shares of ₹ 100/- each of D'damas Jewellery (India) Pvt. Ltd (Previous Year : 10,18,795 Preference Shares )	<b>1,018.80</b>	1,018.80
<b><u>Overseas Subsidiary</u></b>		
200 Shares of AED 1000 each of Gitanjali Ventures DMCC (Previous Year : 200 Shares)	<b>11,749.63</b>	11,749.63
100 Common Shares of Gitanjali USA Inc. (Previous Year : 100 Common Shares)	<b>10,662.32</b>	10,662.32
1960 Common Stock of USD 0.01 each of Samuels Jewelers Inc.USA (Previous Year : 1960 Common Stock)	<b>31,801.47</b>	31,801.47
29,071,690 Shares of USD 1 each of Aston Luxury Group Limited (Previous Year : 29,071,690 shares)	<b>14,751.67</b>	14,751.67

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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	(₹ In Lacs)	
	2015	2014
<b>Others</b>		
Share App. Money - Gitanjali Jewellery Retail Ltd	-	12.50
10,00,000 Equity Shares of Diamond India Limited of ₹ 10 each (paid up ₹ 5/-) (Previous Year : 10,00,000 Shares)	<b>500.00</b>	500.00
25 Equity Shares of ₹ 25/- each of Shamrao Vithal Co-Op. Bank Ltd. (Previous Year : 25 Equity Shares)	<b>0.01</b>	0.01
8,500 Equity shares of ₹ 10/- each of GEMTA Coal Mines Ltd. (Previous Year : Nil shares)	<b>0.85</b>	-
<b>TOTAL</b>	<b>141,466.16</b>	141,479.57

**NOTE 12 : Long Term Loans & Advances****Unsecured, Considered Good**

Advances recoverable in cash	4,543.69	9,945.22
Security Deposits	2,938.77	7,558.14
<b>TOTAL</b>	<b>7,482.46</b>	17,503.36

**NOTE 13 : Other Non Current Assets**

Service Tax Receivable	56.72	44.44
Income Tax - Tax deducted at source	9,701.37	9,540.11
VAT Receivable	292.61	334.13
Staff Advances	19.20	22.79
Prepaid Expenses	1,902.70	1,328.59
<b>TOTAL</b>	<b>11,972.60</b>	11,270.06

**NOTE 14 : Inventories**

Raw Materials	106,927.80	37,087.98
Work in Progress	1,003.92	392.71
Finished Goods	18,968.20	51,009.87
Trading Goods	75,685.41	13,184.15
<b>TOTAL</b>	<b>202,585.33</b>	101,674.71

**NOTE 15 - Trade Receivables**

(Unsecured, Considered Good)

Outstanding for more than six months	224,488.07	312,612.17
Outstanding for more than six months Considered Doubtful	-	-
	<b>224,488.07</b>	312,612.17
Outstanding for Less than six months	307,674.47	180,551.38
Exports Receivables Translation Control Account	10,217.37	31,422.71
<b>Sub Total</b>	<b>542,379.91</b>	524,586.26
Less: Provision for doubtful debts	-	-
<b>TOTAL</b>	<b>542,379.91</b>	524,586.26

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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	(₹ In Lacs)	
	2015	2014
<b>NOTE 16 - Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks	584.74	677.71
Cash on Hand	20.54	7.89
	<u>605.28</u>	<u>685.60</u>
<b>Other Bank Balances</b>		
Fixed Deposit / Margin Money	6,405.62	12,363.70
<b>TOTAL</b>	<u>7,010.90</u>	<u>13,049.30</u>
<b>NOTE 17 : Short Term Loans &amp; Advances</b>		
<b>Advances Recoverable in Cash or Kind</b>		
Advances to Suppliers (Refer Note No. 37)	4,275.04	5,588.07
Loans & Advance to Related Parties (Refer Note No. 46)	23,336.78	41,038.39
<b>TOTAL</b>	<u>27,611.82</u>	<u>46,626.46</u>
<b>NOTE 18 - Revenue from Operations</b>		
<b>Exports (Including Deemed Exports)</b>		
Diamonds	41,568.67	260,025.88
Jewellery	245,472.82	101,959.97
	<u>287,041.49</u>	<u>361,985.85</u>
<b>Local</b>		
Diamonds	221,407.36	203,765.67
Jewellery	207,343.99	168,551.94
	<u>428,751.35</u>	<u>372,317.61</u>
<b>TOTAL</b>	<u>715,792.84</u>	<u>734,303.46</u>
<b>NOTE 19 - Other Income</b>		
Dividend Income	7.50	5.00
Commission Received	1.40	-
Exchange Difference Gain (Net)	5,181.29	-
<b>TOTAL</b>	<u>5,190.19</u>	<u>5.00</u>

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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	(₹ In Lacs)	
	2015	2014
<b>NOTE 20 - Purchase of Raw Material &amp; Traded Goods</b>		
Diamonds	307,328.53	415,238.44
Jewellery	435,473.04	195,761.63
<b>TOTAL</b>	<b>742,801.57</b>	<b>611,000.07</b>
<b>NOTE 21 - Changes in Inventory</b>		
<b>Opening Stock</b>		
Diamonds	66,769.28	135,949.20
Jewellery	34,905.43	13,009.67
	<u>101,674.71</u>	<u>148,958.87</u>
<b>Less : Closing Stock</b>		
Diamonds	90,113.89	66,769.28
Jewellery	112,471.44	34,905.43
	<u>202,585.33</u>	<u>101,674.71</u>
<b>Net (Increase) / Decrease in Inventory</b>	<b>(100,910.62)</b>	<b>47,284.16</b>
<b>NOTE 22 - Employee Benefit Expense</b>		
<u>Payment to and Provision for Employees</u>		
Salary, Bonus & Allowances	2,158.02	1,873.02
Contribution To P.F.& Other Funds	56.92	51.38
Staff Welfare	116.35	97.07
Gratuity	97.51	4.59
<b>TOTAL</b>	<b>2,428.80</b>	<b>2,026.06</b>
<b>NOTE 23 - Finance Cost</b>		
Bank Interest (Net)	50,887.67	39,592.40
Other expenses	1,477.50	1,826.16
<b>TOTAL</b>	<b>52,365.17</b>	<b>41,418.56</b>

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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	(₹ In Lacs)	
	2015	2014
<b>NOTE 24 - Other Expenses</b>		
Labour Charges	6,244.58	10,155.29
Custom Duty	2,687.92	671.75
Octroi	29.43	19.64
Packing Materials Consumed	7.11	6.42
Advertisement	936.35	1,401.56
Event, Exhibition & Business Promotion Expenses	162.18	54.25
Auditor's Remuneration	28.88	28.43
Bad Debts W/off	4,985.33	7,831.15
Sundry Amount W/off	1,858.82	-
Bank Commission	1,303.07	1,484.43
Commission & Assortment Charges	4.40	10.43
Computer Expenses	47.24	26.54
Consumable Expenses	116.45	94.13
Donation	147.12	108.35
E.C.G.C. Premium	518.46	417.61
Electricity Charges	161.41	143.66
Export Sales Charges	164.47	199.09
Fixed Assets W/off	73.12	-
Foreign Travelling Expenses	292.42	217.11
Import Expenses	70.48	35.81
Insurance	26.39	40.31
Legal, Professional And Service Charges	853.84	664.40
Local Travelling Expenses	220.24	160.17
Membership/Subscription	39.18	16.51
Postage & Angadia Expenses	12.41	9.53
Printing & Stationery	29.51	37.13
Rent, Rates & Taxes	267.54	506.89
Repairs & Maintenance - Others	13.49	16.66
Repairs & Maintenance - Plant & Machinery	8.13	5.92
Security Service Charges	69.59	67.88
Telephone Expenses	39.93	33.46
Exchange Difference (Net)	-	9,665.85
Miscellaneous Expenses	565.76	230.33
<b>TOTAL</b>	<b>21,985.25</b>	<b>34,360.69</b>
<b>NOTE : 25 : Exceptional Item</b>		
Gain / (Loss) on Sale of Fixed Assets	0.28	-
Gain / (Loss) on Sale of Shares	-	(137.37)
<b>TOTAL</b>	<b>0.28</b>	<b>(137.37)</b>

**NOTE – 26: Share Capital****a. Details of Authorised, Issued, Subscribed and Paid up Capital**

	As at 31 <sup>st</sup> March 2015		As at 31 <sup>st</sup> March 2014	
	Number	₹	Number	₹
<b>Share Capital</b>				
<b>Authorised</b>				
Equity Shares of ₹ 10/- each.	150,000,000	1,500,000,000	150,000,000	1,500,000,000
<b>Issued Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each	98,120,451	981,204,510	92,065,491	920,654,910

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

<b>Particulars</b>	<b>Equity Shares Numbers</b>	
	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
Shares outstanding at the beginning of the year	92,065,491	92,065,491
<b>ADD:</b> Shares Issued during the year on conversion of Fully Convertible Debenture	6,054,960	-
<b>Shares outstanding at the end of the year</b>	<b>98,120,451</b>	<b>92,065,491</b>

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

N.A

N.A

**d. Rights, Preferences and Restriction of Shareholders**

The company has only one class of Equity shares having par value of ₹ 10/-. The equity share have rights, Preferences and restrictions which are in accordance with the provision of law, in particular the Companies Act 2013.

**e. Details of shareholders holding more than 5 % shares in the Company**

<b>Name of Shareholder</b>	<b>As at 31st March 2015</b>		<b>As at 31st March 2014</b>	
	<b>No. of Shares held</b>	<b>% of Holding</b>	<b>No. of Shares held</b>	<b>% of Holding</b>
Mehul C Choksi	30,343,018	30.92%	30,795,125	33.45%
D. B. Corp Limited	6,054,960	6.17%	NIL	NIL
Macquarie Finance (India) Pvt Ltd	5,000,000	5.10%	5,000,000	5.43%

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

- i) Company bought back 792,883 Equity Shares in Financial Year 2009-10
- ii) Issue of bonus shares –NIL.

**g. There are no shares reserved for issue under options, contracts / commitments for sale of shares / disinvestments other than represented in clause (j) below.****h. Particulars of calls in arrears by directors and officers of the company – NIL****i. There are no shares forfeited during the year.****j. Security convertible into equity shares:**

- i. During FY 2012-13, the Company had issued 1 (one) Zero percent Fully Convertible Debentures (FCDs) having face value of ₹ 39,00,00,000/- (Rupees Thirty Nine Crore Only) on a preferential basis to D.B Corp Limited. The said FCD was compulsorily convertible into such number of equity shares with face value of ₹ 10/- each on 4<sup>th</sup> June 2014 i.e. at the end of 18 months from the date of allotment at a price determined as per SEBI (ICDR) Regulations, 2009. On completion of 18 months period as per the terms of issue, during the year,

the company issued 60,54,960 equity shares at a premium of ₹ 54.41 on conversion of the FCD. Consequently paid up Share capital increased by ₹ 605.50 lacs and security premium by ₹ 3,294.50 lacs.

- ii. On 22nd January 2015, the Company allotted 23,547,194 warrants on preferential basis to persons other than promoters. The said warrants carry an option / entitlement to subscribe to equivalent number of Equity Shares of ₹ 10/- each at a future date, not exceeding 18 (eighteen) months from the date of issue of such warrants at a price of ₹ 72.39 which includes a premium of ₹ 62.39 per share. The company has received ₹ 4,261.45 Lacs being 25% of issue price against the above warrants.

**NOTE – 27:**

**Borrowings:**

- (a) 12% Non-Convertible Debentures issued to LIC of India

The 12% Non-convertible debentures for an aggregate amount of ₹ 125 crores were issued to LIC of India on 22nd June, 2009. The said debentures are secured by first pari passu charge over immoveable properties in Hyderabad (A.P.) belonging to Hyderabad Gems SEZ Limited, a wholly owned subsidiary.

The tenure of the debentures was five years and same were redeemable in eight equal quarterly installments with initial moratorium of three years, the last installment being due on 21st June, 2014. As per revised terms approved by LIC, the company was required to pay principle of ₹ 812.50 lacs along with arrears of interest on cutoff date of 2nd August 2014 and balance liability of ₹ 7,000.00 lacs remaining after repayment of ₹ 812.50 lacs was allowed to be repaid in sixty monthly installments of ₹ 117.00 lacs each, starting from 22nd August 2014 and ending on 22nd July 2019, last installment being for ₹ 97.00 lacs. Current maturity of ₹ 1,647.73 lacs includes overdue principal of ₹ 243.73 Lacs.

The company's business and the cash flows continued to be impacted due to the changes effected last year in RBI policy on Gold Import. In view of Cash flow constraints, the company has not created cash deposit of ₹ 211 lacs as required by Circular 4/2013 dated 11th February 2013 of GOI, MCA in respect of debentures installment maturing during the following year.

- (b) Fully Convertible Debenture issued to D.B. Corp Limited for ₹ 39 crores

During FY 2012-13, the Company has issued 1 (one) Zero percent Fully Convertible Debenture (FCDs) having face value of ₹ 39,00,00,000/- (Rupees Thirty Nine Crores Only) on a preferential basis to D.B Corp Limited. The said FCD was compulsorily convertible into such number of equity shares with face value of ₹ 10/- each at the end of 18 months from the date of allotment at a price to be determined as per SEBI (ICDR) Regulations, 2009. Accordingly, the company has allotted 6,054,960 Equity Shares to D. B. Corp Limited on June 04, 2014 pursuant to conversion of 1(One) Zero Percent Fully Convertible Debenture of ₹ 3900 lacs. Consequent to said allotment, the paid up capital of the Company has increased from 92,065,491 Equity Shares of ₹ 10/- each to 98,120,451 of ₹ 10/- each. The share premium has increased by ₹ 3,294.50 lacs on account of issue of shares on conversion.

- (c) External Commercial Borrowings (ECB):

During the financial year 2011-12 the company raised ECBs aggregating USD 107.19 million from the following two banks

Sr.No	Name of Bank	Amount (USD millions)
1.	IDBI Bank Limited (Dubai)	57.19
2.	ICICI Bank Limited(Dubai)	50.00
Total		107.19

Out of the above ECB proceeds, USD 57.19 million was utilised to redeem the outstanding Foreign Currency Convertible Bonds (FCCBs) and balance USD 50 million was utilised towards capital expenditure in SEZ unit in Hyderabad and investment in overseas subsidiaries.

Further to this on 22<sup>nd</sup> January 2012 IDBI downsold ECB of USD 10 million to Bank of Baroda. The company's request for restructuring of ECB has been approved by RBI vide its letter dated November 27, 2014 and by IDBI vide its letter dated January 6, 2015 IDBI/DIFC/LOI/37/2014-15. As per revised terms, principal will be repayable in 10 structured half yearly installments beginning from 30<sup>th</sup> September 2015, last installment being due on 31<sup>st</sup> March 2020. Interest is set at 6 months LIBOR rate + 490 BPS. June 2014 being cutoff date for re-schedulement, the company has paid balance principal of USD 0.18 Million in December 2014 and overdue interest of USD 1.53 million in March 2015.

The said ECBs are secured by first pari passu charge over certain immovable properties belonging to the company's subsidiaries and second charge on the company's assets, namely, raw materials, stock in progress, finished goods, all book debts, movable plant and machinery, consumable stores and stores and spares, both present and future. During FY 2013-14, the company also provided additional security by way of properties of various subsidiaries in respect of the said ECBs.

The Company has entered into derivative contract for hedging interest rate related risk via interest rate swap agreement while availing ECB from IDBI, Dubai.

During the year there have been delays in servicing the principal and interest in respect of these ECBs. However as at 31<sup>st</sup> March, 2015 there are no over dues. Amount due in next 12 months is ₹ 8,765.17 lacs.

(d) Working Capital Borrowing – from consortium of bankers

The total outstanding balance of Working Capital Borrowing from consortium of bankers as at 31<sup>st</sup> March 2015 amounted to ₹ 4,35,743.55 Lacs. The above facility carries interest ranging from 5% to 14.5% per annum. The working capital borrowings are secured against certain immovable properties of the company and its subsidiaries and hypothecation by way of first charge on all present and future goods, movable assets, vehicles, furniture, stock in trade, fixed deposits, book debts along with the personal guarantee of the Managing Director.

In the month of May/June 2013, there have been changes in RBI Policy relating to issuance of BG/LC for purchase of gold. Due to this restriction, there has been sudden and severe impact on cashflow which started in May 2013 and continued to affect cash flows during 2014-15.

During the year there were delay in servicing the interest on working capital borrowing and repayment of principal amounts. As at 31<sup>st</sup> March 2015, the facilities are overdrawn by ₹ 7,029 Lacs mainly on account of non-servicing of interest.

In respect of rescheduling of ECB and for additional margin towards working capital borrowing, the company provided for additional security of property of various subsidiaries and second charge on certain property of the company and pledge of shares of the promoters. Further the promoter has infused unsecured loan of ₹ 6,423.14 lacs in the company. The Loan brought in by promoter is interest free and there is no stipulation as to repayment and as per the terms of revised ECB schedule the said loan cannot be repaid during currency of ECB.

Also the company has issued Fully convertible warrants on preferential basis to parties other than promoters for which it has received ₹ 4,261.45 lacs by way of subscription money towards Share warrants as elaborated in Note 26 j (ii).



## (e) Public deposits:

During FY 2013-14, the Company has accepted deposits of ₹ 227.29 Lacs from the public within the meaning of section 58A of the Companies Act, 1956. Fixed deposit are for the period from 1 year to 3 year and carries interest ranging from 11.50% to 12.50%. The amount due within 1 year is ₹ 17.38 Lacs. The outstanding balance as on 31<sup>st</sup> March 2015 is ₹ 187.89 lacs. The company has created liquid reserve of ₹ 29.66 lacs in respect of deposit amount maturing in subsequent years. The company has not accepted any further public deposit within the meaning of Section 73 to 76 of the Companies Act 2013 and rules framed there under during the year.

**NOTE 28****Proposed Merger of Wholly Owned Subsidiary**

At the Meeting of Board of Directors of the Company held on April 21, 2015, the Board has approved the “Scheme of Amalgamation” [Scheme] under Section 391 to 394 of the Companies Act, 1956 and relevant Sections of the Companies Act 2013, to the extent applicable, for amalgamation of the Company’s wholly owned subsidiary Gitanjali Exports Corporation Limited with it, subject to the approval of the Scheme by Shareholders, Creditors of the respective Companies, Hon. Mumbai High Court and any other statutory authorities as may be required. Once sanctioned, the Scheme will be effective from the appointed date i.e. April 1, 2014.

**NOTE 29:****Contingent Liabilities not provided in respect of**

Sr.No.	Remark	₹ in Lacs																					
I.	Claims against the Company not acknowledged as debt																						
A	4 Vendors have filed petition under section 433/434 of the Companies Act, 1956 against the company for recovery of its dues. The management does not expect the petitioner’s claim to succeed.	74																					
B	4 Vendors have filed suits against the company for recovery of amount due for supply of Goods /Services. The management has assessed these matters and is of the view that this will not result in demand over and above provision made in the accounts.	208																					
C	An Ordinary civil suit is filed against company for use of one of the trade mark by a subsidiary. The management has reviewed the matter and in the opinion of the management the company possess proper legal title for the said trade mark. In the view of this the company does not expect any outgo in this matter.	0																					
II	Income Tax liability that may arise in respect of which the company is in appeal with CIT (A)	23,140.46																					
	<table border="1"> <thead> <tr> <th>Assessment Year</th> <th>Amount in ₹ in Lacs</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>2006-2007</td> <td>878.66</td> <td>Section 143(3) r.w.s 153 A</td> </tr> <tr> <td>2007-2008</td> <td>610.79</td> <td>Section 143(3) r.w.s 147</td> </tr> <tr> <td>2008-2009</td> <td>6,065.15</td> <td>Section 143(3) r.w.s 153 A</td> </tr> <tr> <td>2009-2010</td> <td>1,567.22</td> <td>Section 143(3) r.w.s 153 A</td> </tr> <tr> <td>2010-2011</td> <td>5,023.14</td> <td>Section 143(3) r.w.s 153 A</td> </tr> <tr> <td>2011-2012</td> <td>8,995.49</td> <td>Section 143(3) r.w.s 153 A</td> </tr> </tbody> </table>	Assessment Year	Amount in ₹ in Lacs	Remark	2006-2007	878.66	Section 143(3) r.w.s 153 A	2007-2008	610.79	Section 143(3) r.w.s 147	2008-2009	6,065.15	Section 143(3) r.w.s 153 A	2009-2010	1,567.22	Section 143(3) r.w.s 153 A	2010-2011	5,023.14	Section 143(3) r.w.s 153 A	2011-2012	8,995.49	Section 143(3) r.w.s 153 A	
Assessment Year	Amount in ₹ in Lacs	Remark																					
2006-2007	878.66	Section 143(3) r.w.s 153 A																					
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2010-2011	5,023.14	Section 143(3) r.w.s 153 A																					
2011-2012	8,995.49	Section 143(3) r.w.s 153 A																					

	<p>The above Income Tax demands are as consequence to assessment under Section 153 A and reassessment for AY 2006-07 to AY 2011-12 and are mainly on account of additions due to disallowance of business expenses, disallowance of exemption and transfer pricing adjustment.</p> <p>In respect of Assessment year 2007-08 in addition to above, there is a demand by tax authority on assessment under Section 143(3) r.w.s. 153A of ₹ 473.90 Lacs. The company has filed appeal against the said order. This orders and appeal is not likely to have effect in view of the assessment under section 143(3) r.w.s 147 and therefore is not included under above figure of disputed Income Tax.</p> <p>The management has reviewed the above demands and is of the opinion that it has good chances of succeeding in the appeal.</p>	
III	<b>Tax demand for various years as per TRACES</b>	211.10
	The company is in process of filing rectification and on rectification the demand is not likely to materialise.	
IV	<b>Service Tax</b>	
	The Company has filed appeal against service tax assessments in respect of assessed service tax payable on service component relating to FCCB, GDR, etc. Based on the internal assessment of the company, the demand is not likely to be crystalised.	540.81
V	<b>Corporate guarantees (CG)</b>	
	CGs are given to various banks for availing working capital facility/ term loan by subsidiary / Associate companies.	375,017.46

Except as described above, there are no pending litigations which the company believes could reasonably be expected to have a material adverse effect on the result of Operations, cash flow or the financial position of the Company.

#### NOTE – 30:

##### Fixed Assets and Schedule II implementation

In accordance with requirements prescribed under Schedule II of the Companies Act 2013, the company has assessed the estimated useful life of its assets and has adopted the useful life as prescribed in the Schedule II in respect of all assets. The depreciation charged to Statement of Profit and Loss is higher by ₹ 101.12 lacs on account of changes in estimated useful life.

During the year company has carried out physical verification of its fixed assets and has written off WDV amount of ₹ 73.12 lacs on account of comparison of physical assets with book Assets.

#### NOTE – 31:

##### Investments

- Considering the current subdued economic scenario in gems and jewellery industry during the year, Gitanjali Jewellery Retail Ltd, a subsidiary, decided not to enhance the share capital and accordingly refunded Share Application Money of ₹ 12.50 lacs paid to it in earlier years by the company.
- The company transferred 17,589 equity shares of MMTG Gitanjali Pvt. Limited to MMTG Employees Mutual Benefit Trust. Consequently company's interest is reduced to 73.85% from earlier 74%.

- c) On December 30, 2014, e-Gitanjali limited issued and allotted 1,48,500 equity shares to others on private placement basis. Consequently, Company's interest has reduced to 40% against earlier 100%. Hence the Company which was wholly owned subsidiary till last year has become associate company effective December 2014.
- d) The company, with a view to consolidate the business model, appointed reputed firm of consultants to advise on future business model and restructuring of domestic and overseas subsidiaries. Based on the recommendations, as part of restructuring of overseas subsidiaries, the company has plans of disinvestment in equity share of three of the foreign subsidiaries to its another overseas wholly owned subsidiary namely Aston Luxury Group Ltd, Hong Kong. However the above restructuring is subject to approval by lenders and from Reserve Bank of India under FEMA. On signing off unbinding term sheet, the company has received part payment in earlier years. Pending necessary approval, the amount of USD 6.44 Million received as part consideration has been shown under Long term borrowing- Unsecured Loans & Advances from Related parties.
- e) **Investment during the year:**  
As per commitment made in previous year, the company has invested ₹ 0.85 Lacs towards subscription to 8500 equity shares of ₹ 10 each fully paid up being 17% of equity capital of newly formed company namely GEMTA Coal Mines Limited.

**NOTE 32:****Purchase of Raw Material and Traded Goods:**

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

**NOTE 33:****Undisputed Statutory dues outstanding for period over 180 days as at 31<sup>st</sup> March, 2015:**

As a result of change in RBI policy on gold imports, the company's cash flow was severely affected from mid May 2013 onwards and it continued to affect the cash flows of the company during FY 2014-15. For the said reason, bank working capital facilities were overdrawn on account of non serving of interest. As a result, the company could not meet some of the statutory payments in time. In respect of Self assessment tax of ₹ 2,163.32 Lacs payable on or before 30<sup>th</sup> November, 2013 for Assessment year 2013-14 (financial year 2012-13), the self assessment tax is outstanding for a period of more than six months as at 31<sup>st</sup> March, 2015.

**NOTE 34:****Particulars of Remuneration to Managing Directors & Executive Director during the year:**

(₹ In Lacs)

<u>Managing Director</u>	<b>FY 2014-15</b>	<b>FY 2013-14</b>
Salary & Other Allowances	48.00	*48.00
Contribution to PF	NIL	NIL
Other Perquisites	NIL	NIL
<b>Total</b>	<b>48.00</b>	<b>48.00</b>

(₹ In Lacs)

<b>Whole Time Director</b>	<b>FY 2014-15</b>	<b>FY 2013-14</b>
Salary & Other Allowances	NIL	33.16
Contribution to PF	NIL	0.04
Other Perquisites	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>33.20</b>

(₹ In Lacs)

<b>Independent Director</b>	<b>FY 2014-15</b>	<b>FY 2013-14</b>
Director Sitting Fees	5.84	4.80

**Notes:**

The remuneration does not include Provision for Leave, Gratuity and Post-Retirement Benefits as per revised Accounting standard-15 since the same were not ascertained for individual employees.

The computation of Net profit under section 198 of the Companies Act 2013 has not been given since no commission is paid or payable to any director during current year.

\*The remuneration to managing director was fixed upto ₹ 60 lacs p.a. plus perquisites vide resolution passed in Annual General Meeting held on 28<sup>th</sup> September, 2012. During FY 2013-14, remuneration of ₹ 48 lacs was paid to managing director. However, in view of loss incurred by the Company in previous year, excess remuneration of ₹ 24 lacs calculated as per the provisions of schedule XIII of Companies Act, 1956 has been recovered in the current year. Net remuneration paid for FY 2013-14 works out to ₹ 24 lacs p.a.

In view of the profit earned during the current year, the company has retained remuneration payable to Managing Director for financial year 2014-15 at ₹ 48 lacs p.a.

**NOTE – 35:**

Interest received during the year was ₹ **785.29 Lacs** (Previous Year ₹ 3,163.27 Lacs) and Tax Deducted at Source from interest income was ₹ **78.37 Lacs** for the year ended 31<sup>st</sup> March 2015. (Previous Year ₹ 315.90 Lacs). Bank Interest Expense is net of Interest received.

**NOTE – 36:****Trade Receivable**

- Trade Receivable as on 31<sup>st</sup> March, 2015 includes ₹ **147,083.22 Lacs** (Previous Year ₹ 66,364.76 Lacs) due from group subsidiaries- domestic and overseas.
- There are some cases where the export receivables are outstanding for more than permissible limits for which the company is in process of filing application to authorized dealer / Reserve Bank of India.
- The receivable and payable from same party have been netted off for purpose of presentation in financial statement.
- During the year the company has written off export receivable of ₹ **4,985.33 Lacs** (Net) as Bad debts .The company is in process of filing application to authorized dealer / Reserve Bank of India in this respect.

**NOTE 37:****Loans and Advances**

- a) Advances to suppliers includes ₹ **NIL** (Previous Year ₹ 7.45 Lacs) given to concerns in which Directors are interested as Directors/Members/Partners.
- b) Loans & Advances to other than group companies aggregating to ₹ **1,858.81 lacs** (net) were considered irrecoverable and has been written off during the year.

**NOTE 38:****Remuneration to Auditors**

<b>Particulars</b>	(₹ in Lacs)	
	<b>Current Year</b>	Previous Year
a) Audit Fees	<b>21.50</b>	21.50
b) Tax Audit Fees	<b>3.80</b>	3.80
c) Service Tax	<b>3.13</b>	3.13
<b>Total</b>	<b>28.43</b>	28.43

**NOTE 39:****Earning per share (after Tax provision)**

	<b>Current Year</b>	Previous Year
Net profit / (Loss) for the period attributable to equity shareholders (₹ In Lacs)	<b>1,886.41</b>	(2,265.21)
Weighted Average No. of Equity shares outstanding during the year (Nos.)	<b>97,042,170</b>	92,065,491
Basic earnings per share	<b>₹ 1.94</b>	₹ (2.46)
Weighted average number of Diluted equity Shares (Nos.)	<b>98,170,527</b>	98,576,342
Diluted earnings per share (Face value of ₹ 10 each)	<b>₹ 1.92</b>	₹ (2.30)

**NOTE 40:****Deferred Tax Assets & Liabilities as on 31<sup>st</sup> March 2015 are as under:**

	(₹ in Lacs)	
	<b>Current Year</b>	Previous Year
<b>Deferred Tax (Liability)</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	<b>(151.77)</b>	(170.82)
<b>Gross Deferred Tax (Liability)</b>	<b>(151.77)</b>	(170.82)
<b>Deferred Tax Asset</b>		
Provision for Retirement Benefits	<b>120.49</b>	107.16
<b>Gross Deferred Tax Asset</b>	<b>120.49</b>	107.16
Net Deferred Tax Asset/(Liability)	<b>(31.28)</b>	(63.66)

**NOTE 41:****Gratuity****Defined Benefit Plan:**

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

<b>I Assumption as at</b>	<b>For the Year (%)</b>	Previous Year (%)
Mortality	-	-
Interest/Discount Rate	<b>7.77</b>	9.19
Rate of increase in compensation	<b>6.00</b>	6.70
Rate of return(Expected) on plan assets	-	-
Employee Attrition Rate (Past Services (PS))	<b>6.50</b>	6.50
Expected average remaining services	<b>16.90</b>	10.75

<b>II Changes in present value of obligations</b>	<b>For the Year (₹ in Lacs)</b>	Previous Year (₹ in Lacs)
PVO at beginning of period	<b>273.45</b>	300.14
Interest cost	<b>22.61</b>	22.93
Current Service Cost	<b>48.88</b>	47.28
Past Service Cost - (non vested benefits)	-	-
Past Service Cost - (vested benefits)	-	-
Benefits Paid	<b>(54.78)</b>	(31.28)
Actuarial (Gain)/Loss on obligation	<b>13.58</b>	(65.62)
PVO at end of period	<b>303.74</b>	273.45

<b>III Changes in fair value of plan assets</b>	<b>For the Year (₹ in Lacs)</b>	Previous Year (₹ in Lacs)
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Contributions	<b>54.78</b>	31.28
Benefit Paid	<b>(54.78)</b>	(31.28)
Actuarial Gain/(Loss) on plan assets	-	-
Fair Value of Plan Assets at end of period	-	-

<b>IV Fair Value of Plan Assets</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Assets	-	-
Contributions	<b>54.78</b>	31.28
Benefit Paid	<b>(54.78)</b>	(31.28)
Fair Value of Plan Assets at end of period	-	-
Funded Status (including unrecognized past service cost)	<b>(303.74)</b>	(273.45)
Excess of actual over estimated return on Plan Assets	-	-

<b>V Experience History</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
(Gain)/Loss on obligation due to change in Assumption	<b>14.00</b>	(20.82)
Experience (Gain)/loss on obligation	<b>(0.41)</b>	(44.80)
Actuarial Gain/(Loss) on plan assets	-	-

<b>VI Actuarial Gain/(Loss) Recognized</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Actuarial Gain/(Loss) for the period (Obligation)	<b>(13.58)</b>	65.62
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	<b>(13.58)</b>	65.62
Actuarial Gain/(Loss) recognized for the period	<b>(13.58)</b>	65.62
Unrecognized Actuarial Gain/(Loss) at the end of period	--	-

<b>VII Past Service Cost Recognized</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Past Service Cost -(non vested benefits)	-	-
Past Service Cost -(vested benefits)	-	-
Average remaining future service till vesting of the benefit	-	-
Recognized Past service Cost - non vested benefits	-	-
Recognized Past service Cost - vested benefits	-	-
Unrecognized Past Service Cost - non vested benefits	-	-

<b>VIII Amounts to be recognized in the balance sheet and Statement of profit &amp; loss account</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous (₹ in Lacs)</b>
PVO at end of period	<b>303.74</b>	273.45
Fair Value of Plan Assets at end of period	-	-
Funded Status	<b>(303.74)</b>	(273.45)
Unrecognized Actuarial Gain/(Loss)	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Net Asset / (Liability) recognized in the balance sheet	<b>(303.74)</b>	(273.45)

<b>IX Expense recognized in the statement of P &amp; L A</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Current Service Cost	<b>48.88</b>	47.28
Interest Cost	<b>22.61</b>	22.93
Past Service Cost -(non vested benefits)	-	-
Past Service Cost -(vested benefits)	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognized for the period	13.58	(65.62)
Expense recognized in the statement of P & L A/C	85.07	4.59

<b>X Movements in the liability recognized in Balance sheet</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Opening Net Liability	<b>273.45</b>	300.14
Expenses as above	<b>85.07</b>	4.59
Contribution Paid	<b>(54.78)</b>	(31.28)
Closing Net Liability	<b>303.74</b>	273.45

<b>XI Schedule III of the Companies Act 2013</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Current Liability	<b>38.26</b>	47.92
Non - Current Liability	<b>265.48</b>	225.54

#### **Leave Salary**

<b>I Assumption as at</b>	<b>For the Year (%)</b>	<b>Previous Year (%)</b>
Mortality	-	-
Interest/Discount rate	<b>7.77</b>	9.19
Rate of increase in compensation	<b>6.00</b>	6.70
Rate of return(Expected) on plan assets	-	-
Employee Attrition Rate (Past Services (PS))	<b>6.50</b>	7.00
Expected average remaining services	<b>16.90</b>	10.75

<b>II Changes in present value of obligations</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
PVO at beginning of period	<b>58.62</b>	65.59
Interest cost	<b>4.96</b>	4.41
Current Service Cost	<b>61.90</b>	47.78
Past Service Cost - (non vested benefits)	-	-
Past Service Cost - (vested benefits)	-	-
Benefits Paid	<b>(9.34)</b>	(21.68)
Actuarial (Gain)/Loss on obligation	<b>(54.43)</b>	(37.48)
PVO at end of period	<b>61.71</b>	58.62



<b>III Changes in fair value of plan assets</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Contributions	<b>9.34</b>	21.68
Benefit Paid	<b>(9.34)</b>	(21.68)
Actuarial Gain/(Loss) on plan assets	-	-
Fair Value of Plan Assets at end of period	-	-

<b>IV Fair Value of Plan Assets</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Assets	-	-
Contributions	<b>9.34</b>	21.68
Benefit Paid	<b>(9.34)</b>	(21.68)
Fair Value of Plan Assets at end of period	-	-
Funded Status (including unrecognized past service cost)	<b>(61.71)</b>	(58.62)
Excess of actual over estimated return on Plan Assets	-	-

<b>V Experience History</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
(Gain)/Loss on obligation due to change in Assumption	<b>2.39</b>	(5.21)
Experience (Gain)/loss on obligation	<b>(56.81)</b>	(32.27)
Actuarial Gain/(Loss) on plan assets	-	-

<b>VI Actuarial Gain/(Loss) Recognized</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Actuarial Gain/(Loss) for the period (Obligation)	<b>54.43</b>	37.48
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	<b>54.43</b>	37.48
Actuarial Gain/(Loss) recognized for the period	<b>54.43</b>	37.48
Unrecognized Actuarial Gain/(Loss) at the end of period	--	-

<b>VII Past Service Cost Recognized</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Past Service Cost -(non vested benefits)	-	-
Past Service Cost -(vested benefits)	-	-
Average remaining future service till vesting of the benefit	-	-
Recognized Past service Cost - non vested benefits	-	-
Recognized Past service Cost - vested benefits	-	-
Unrecognized Past Service Cost - non vested benefits	-	-

<b>VIII Amounts to be recognized in the balance sheet and Statement of profit &amp; loss account</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
PVO at end of period	<b>61.71</b>	58.62
Fair Value of Plan Assets at end of period	-	-
Funded Status	<b>(61.71)</b>	(58.62)
Unrecognized Actuarial Gain/(Loss)	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Net Asset / (Liability) recognized in the balance sheet	<b>(61.71)</b>	(58.62)

<b>IX Expense recognized in the statement of P &amp; L A</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Current Service Cost	<b>61.90</b>	47.78
Interest Cost	<b>4.96</b>	4.41
Past Service Cost -(non vested benefits)	-	-
Past Service Cost -(vested benefits)	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognized for the period	<b>(54.43)</b>	(37.48)
Expense recognized in the statement of P & L A/C	<b>12.43</b>	14.71

<b>X Movements in the liability recognized in Balance sheet</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Opening Net Liability	<b>58.62</b>	65.59
Expenses as above	<b>12.43</b>	14.71
Contribution Paid	<b>(9.34)</b>	(21.68)
Closing Net Liability	<b>61.71</b>	58.62

<b>XI Schedule III of the Companies Act 2013</b>	<b>For the Year (₹ in Lacs)</b>	<b>Previous Year (₹ in Lacs)</b>
Current Liability	<b>7.66</b>	8.28
Non - Current Liability	<b>54.05</b>	50.34

**NOTE 42:****Segment Reporting (Accounting Standard –17)**

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

**NOTE 43:****Related Party Transaction (Accounting Standard -18) - (Refer to Annexure – II)****NOTE 44:****Disclosure as per Accounting Standard (AS – 19) on “Leases” are given below:**

- i. The Company has taken various office premises and fixed assets under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements.
- ii. Lease payments are recognised in the Statement of Profit and Loss under ‘Rent’ in Note 23 and are net of recoveries from group companies.
- iii. The future minimum lease payments under non-cancellable operating lease :
  - a. not later than one year ₹ **661.63 Lacs** (Previous year : ₹ 733.10 Lacs)
  - b. later than one year and not later than five years ₹ **991.42 Lacs**  
(Previous year: ₹ 1,743.29 Lacs)
  - c. More than five years ₹ **NIL** (Previous year : ₹ 2,450.45 Lacs)

**NOTE 45:****Value of import on CIF basis****( ₹ In Lacs )**

<b>Particulars</b>	<b>Current year</b>	<b>Previous year</b>
Diamonds & Jewellery	<b>334,953.87</b>	169,319.51

**Expenditure in foreign currency ( ₹ In Lacs )**

<b>Particulars</b>	<b>Current year</b>	<b>Previous year</b>
Foreign travelling	<b>127.11</b>	85.09
Others	<b>3,812.01</b>	4,700.52
<b>Total:</b>	<b>3,939.12</b>	4,785.61

**Earnings in foreign currency ( ₹ In Lacs )**

<b>Particulars</b>	<b>Current year</b>	<b>Previous year</b>
FOB value of exports	<b>286,873.91</b>	353,749.10

**Disclosure of Foreign Currency Exposures:**

The details of outstanding foreign currency exposure of the company as at March 31, 2015 are as under:

Particulars	USD (In Million)
Debtors – covered by Forward Contract	37.57
Debtors – uncovered	591.21
Creditors – covered by Forward Contract	-
Creditors – uncovered	225.86
ECB – uncovered	99.35
Bank Facility – uncovered	299.65

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

**NOTE 46:****Disclosure of Loans and Advances to Subsidiaries, Associates and Others**

(Pursuant to Clause 32 of Listing Agreement)

(₹ In Lacs)

Name of the Company	Amount outstanding as at 31 <sup>st</sup> March, 2015	Maximum O/s. during the year
Gitanjali Holding Limited	0.32	0.32
Decent Securities & Finance Pvt. Ltd.	893.99	930.45
Eureka Finstock Pvt. Ltd.	1,065.52	1,101.07
Gitanjali Infratech Ltd.	8993.88	12,222.48
Gitanjali Jewellery Retail Ltd.	1704.62	1704.62
Gitanjali USA INC	9.12	9.12
Gitanjali Ventures DMCC	4.97	4.97
Hyderabad Gems SEZ Ltd.	6432.94	7163.26
e-Gitanjali Ltd.	657.54	658.55
MMTC Gitanjali Ltd.	19.33	686.64
Decent Investment & Finance Pvt. Ltd.	318.62	324.67
Mobilnext Teleservices Pvt Ltd.	130.41	132.53
N & J Finstocks Pvt. Ltd	2,016.93	2057.21
Nasik Multi Services SEZ Ltd.	824.88	824.88
Tri Star Worldwide LLC	254.43	254.43

Considering that the subsidiaries overseas and domestic have been formed for promoting company's business, the above Loans and advances to its various subsidiaries are interest free and carry no stipulation as to repayment. The Company has not given loans & advances for a term exceeding 7 years.

**NOTE 47:**

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

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

**NOTE 48:**

There has been no delay in transferring amounts required to be transferred to Investor Education and Protection Fund by the company.

**NOTE 49:**

**Long term Contracts and Financial Derivative Instruments :**

The Company has entered into derivative contract for hedging interest rate related risk via interest rate swap agreement while availing ECB from IDBI, Dubai. The company has reviewed its long term contract including derivative contract. There are no material foreseeable losses on such contracts.

**NOTE 50:**

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

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As per our attached report of even date.

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

Chartered Accountants

ICAI Firm Regn No : 102860W

For and on behalf of the Board

**A. D. Shenoy**

Partner

**M. No. 11549**

**Mehul C. Choksi**

Managing Director

**Dhanesh Sheth**

Director

Place : Mumbai

Dated : May 29, 2015

**Pankhuri Warange**

Company Secretary

**Chandrakant Karkare**

Chief Financial Officer

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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**Annexure - I****Segmentwise Reporting Revenue, Results and Capital Employed for the year ended 31st March,****(₹ In Lacs)**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
<b>A) Primary Segment (By Business Segment)</b>		
<b>Description</b>		
<b>1. Segment Revenue</b>		
a. Segment - Diamond	<b>271,816.14</b>	468,602.28
b. Segment - Jewellery	<b>452,816.81</b>	270,511.91
<b>Total</b>	<b>724,632.95</b>	739,114.19
Less: Inter Segment sales	<b>8,840.11</b>	4,810.73
<b>Net Sales</b>	<b>715,792.84</b>	734,303.46
<b>2. Segment Results</b>		
Profit/(Loss) before Tax and interest from each segment		
a. Segment - Diamond	<b>6,076.03</b>	23,719.89
b. Segment - Jewellery	<b>48,142.89</b>	15,441.45
<b>Total</b>	<b>54,218.92</b>	39,161.34
Less: Finance Cost	<b>52,365.17</b>	41,418.56
<b>Total Profit Before Exceptional Item &amp; Tax</b>	<b>1,853.75</b>	(2,257.22)
<b>3. Capital Employed</b>		
a. Segment - Diamond	<b>72,638.75</b>	75,573.70
b. Segment - Jewellery	<b>96,583.25</b>	77,483.94
c. Unallocated net assets	<b>122,205.58</b>	128,322.08
<b>Total Capital Employed</b>	<b>291,427.58</b>	281,379.72
<b>B) Secondary Segment (By Geographical Segment)</b>		
<b>Segment Revenue</b>		
<b>Geographical Location</b>		
India	<b>428,751.35</b>	372,317.61
Rest of the world	<b>287,041.49</b>	361,985.85
<b>Total Revenue</b>	<b>715,792.84</b>	734,303.46

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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**Annexure - II****Related Party Disclosures as per AS 18.****(A) Particulars of Enterprises Controlled By The Company where there are transactions**

<b><u>Name of Related Party</u></b>	<b><u>Relationship</u></b>
eGitanjali Ltd.(Formerly known as Mehul Impex Ltd.)	Associate
Aston Luxury Group Ltd.	Subsidiary
Decent Investment & Finance Pvt. Ltd.	Subsidiary
Decent Securities & Finance Pvt. Ltd.	Subsidiary
Eureka Finstock Pvt.Ltd.	Subsidiary
Gitanjali Brands Ltd.	Subsidiary
Gitanjali Exports Corporation Ltd.	Subsidiary
Gitanjali Infratech Ltd.	Subsidiary
Gitanjali Jewellery Retail Ltd.	Subsidiary
Gitanjali Lifestyle Ltd.	Subsidiary
Gitanjali USA Inc.	Subsidiary
Gitanjali Ventures DMCC	Subsidiary
Hyderabad Gems SEZ Ltd.	Subsidiary
MMTC Gitanjali Ltd.	Subsidiary
N and J Finstock Pvt.Ltd.	Subsidiary
Nashik Multi Services SEZ Ltd.	Subsidiary
Samuels Jewelers Inc.	Subsidiary
Abbeycrest ( Thailand) Ltd.	Step Down Subsidiary
Asmi Jewellery India Ltd.	Step Down Subsidiary
Crown Aim Ltd.	Step Down Subsidiary
D'Damas Jewellery (India) Pvt.Ltd.	Step Down Subsidiary
Diamlink Inc	Step Down Subsidiary
Diamlink Jewellery Inc.	Step Down Subsidiary
GGL Diamond LLC	Step Down Subsidiary
Gili India Ltd.	Step Down Subsidiary
Jewelery Marketing Company LLC	Step Down Subsidiary
Leading Italian Jewels SRL	Step Down Subsidiary
Leading Jewels of Japan K.K.	Step Down Subsidiary
LJOW Holdings, LLC	Step Down Subsidiary
Maya Retail Ltd.	Step Down Subsidiary
Mobilenxt Teleservices Pvt.Ltd.	Step Down Subsidiary
Nakshatra Brands Ltd.	Step Down Subsidiary
Spectrum Jewellery Ltd.	Step Down Subsidiary
Tri-Star Worldwide LLC	Step Down Subsidiary

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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**(B) Particulars of Key Management Personnel**

<b><u>Name of Related Party</u></b>	<b><u>Relationship</u></b>
Mr. Chandrakant Karkare	Chief Finance Officer (from 30/05/2014)
Mr. Dhanesh V.Sheth	Director
Mr. Mehul C.Choksi	Managing Director
Mr. Nehal Modi	Director
Mr. S.Krishnan	Director
Mr. Swaminathan Sundararajan Mittur	Director
Ms. Nazura Muhammad Ajaney	Director (from 13/08/2014)
Ms. Pankhuri Warange	Company Secretary

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

<b><u>Name of Related Party</u></b>	
Diamond Creations (Upto 19/06/2014)	Partnership Firm
Gitanjali Capital Pvt. Ltd.	Promoter Company
Gitanjali Gold & Precious LLP.	Promoter Company
Leading Singapore Jewels Pte Ltd.	Promoter Company
Mast Jewellery Distributions Private Limited	Promoter Company
Mozart Trading Pvt.Ltd. (Formerly known as Mozart Investment Pvt. Ltd.)	Promoter Company
Rohan Diamond Pvt. Ltd.	Promoter Company
Shubhlavanyaa Jewel crafts Pvt.Ltd.	Promoter Company
Touchstone ( Upto 19/06/2014)	Partnership Firm

**(D) Particulars Of Enterprises Controlled By Relatives Of Key Management Personnel where There Are Transactions**

Diminco N.V.	Company belonging to Brother of KMP
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**


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<b>(E) <u>Particulars of Transactions with Parties Referred to in (A)</u></b>	<b>₹ In lacs</b>
<b><u>Above</u></b>	
Purchases	238,034.58
Purchases Return	3.35
Labour Charges Paid	546.74
Sales	207,046.37
Sales Return	2,116.42
Sales Incentives	9.87
Advances given(Net)	382.68
Advances given received back	6,387.03
Advance Received(Net)	17,575.66
Sale of Shares (Investments)	1.76
Reimbursement of Expenses	189.80
Expenses Recovered	3,019.01
Share Application Money Received back	12.50
Rent Paid	19.50
Amount outstanding shown under Trade Payable	31,720.92
Amount outstanding shown under Trade Receivable	1,24,670.53
Amount outstanding shown under Advance to Related Parties	23,327.19
Amount outstanding shown under Loans and Advance from Related Parties	3,374.69
Corporate Guarantees given to the bankers for Letter of Credit facility	374,643.00
<b>(F) <u>Particulars of Transactions with Parties Referred to in (B)</u></b>	
<b><u>Above</u></b>	
Salary and other payments	113.40
Sales	0.01
Loan taken	10,659.14
Loan returned	4,211.99
Salary Reversal	24.00
Amount outstanding shown under Unsecured Loans and Advance from Related Parties	6,423.14

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH,**

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**(G) Particulars of Transactions with Parties Referred to in (C)** **( ₹ In Lacs )****Above**

Sales	5,501.24
Purchases	4,008.09
Amount Outstanding Shown Under Trade Payable	0.33
Advances given(Net)	0.25
Advances given received back	33.06
Amount outstanding shown under Advances to Suppliers	7.51
Advances received Given back	8.72
Amount Outstanding shown under Loans Advances to Related Party	9.28

**(H) Particulars of Transactions with Parties Referred to in (D)****Above**

Amount outstanding shown under Trade Receivable	798.05
Amount outstanding shown under Trade Payable	4,313.97

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## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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### TO THE MEMBERS OF GITANJALI GEMS LIMITED

We have audited the accompanying consolidated financial statements of **GITANJALI GEMS LIMITED** (the "Holding Company"), its subsidiaries (the Company and its subsidiaries constitute the "Group") and an associate, which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to sub paragraph 1 in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statement/financial information of the

subsidiaries and associate referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate, as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Emphasis of matter

We draw attention to

- a. Note No. 30(a) relating to 12% Non-Convertible Debenture issued to LIC by holding company where principal of ₹ 243.73 lacs is overdue. Further, the Company has not created cash deposit as required by Circular 4/2013 dated 11th February 2013 of Government of India, Ministry of Corporate Affairs in respect of debentures installments maturing during following year.
- b. Note No. 30(c) relating to overdrawn position of ₹ 12,930.00 lacs in working capital borrowing of group entities from their respective consortium of bankers.
- c. Note No. 33 relating to non- payment of Self Assessment Tax of ₹ 3,808.86 lacs and other statutory dues amounting to ₹ 424.18 lacs as on 31st March 2015.

(As fully described in respective notes)

Our opinion is not qualified in respect of above matters.

### Other Matters

- 1 We did not audit the financial statements / financial information of the five subsidiaries, whose financial statements / financial information reflect the total assets (net) of ₹176,488.12 Lacs as at 31st March, 2015 and total revenue amounting to ₹ 139,525.78 Lacs for the year ended on that date as considered in the financial statements.

These financial statements/ financial information of the subsidiaries as stated above have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in

respect of these entities and our report in terms of sub-sections 3 and 11 of sections 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

- 2 The consolidated financial statements also contain the unaudited financial information in respect of twelve subsidiaries whose unaudited financial information reflect total assets of ₹408,469.88 lacs (net) as at 31st March 2015 and total revenue of ₹288,107.69 lacs for the year ended on that date, as considered in the financial statements.

The above mentioned unaudited financial information of the subsidiaries have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these entities and our report in terms of sub-sections 3 and 11 of sections 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial information.

- 3 The consolidated financial statements also include the group's proportionate share of net loss of ₹219.55 Lacs for the year ended 31st March 2015 as, considered in consolidated financial statements in respect of one associate whose financial statement / information are based on unaudited financial statement.

The above mentioned unaudited financial information of the associate have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this entity and our report in terms of sub-sections 3 and 11 of sections 143 of the Act, in so far as it relates to the aforesaid associate is based solely on such unaudited financial information.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiaries, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India, is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 34 to the consolidated financial statements.
    - ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 29 to the consolidated financial statements.
    - iii. There has been no delay in transferring amounts required to be transferred to Investor Education and Protection Fund by holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiaries.

For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
ICAI Firm Registration No. 102860W

**A.D.SHENOY**  
Partner  
Membership No. 11549

May 29, 2015  
Place: Mumbai

### **Annexure to the Independent Auditor's Report on the Consolidated Financial Statements**

(Referred to in paragraph pertaining to "Report on Other Legal and Regulatory Requirement" of our Report of even date)

#### **To the Members of Gitanjali Gems Limited**

Our reporting on the Order includes two subsidiaries incorporated in India, to which the order is applicable, which have been audited by other auditors. Our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the order in the case of the consolidated financial statements.

In respect of three subsidiaries and one associate incorporated in India, which have been included in the consolidated financial statements based on unaudited financial statements of such entities provided to us by the Management and hence no Report under the order is available, and accordingly the possible effects of the same on our reporting under the order has not been considered.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements we report as under :

- (i) In respect of the fixed assets of the Holding Company and Subsidiaries:
  - a. The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of a subsidiary where records are not updated/ maintained due to non availability of information or clarity on capital expenditure.
  - b. The fixed assets were physically verified during the year by the Management of the respective entities except in respect of a subsidiary. The discrepancies between the book records and the physical inventory are not material and have been adjusted in the books. In our opinion and the opinion of the other auditors, frequency of verification is reasonable.
- (ii) According to the information and explanations given to us, in respect of the inventories of the Holding Company and subsidiaries:
  - a. As explained to us and the other auditors, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals except for one of the subsidiary.
  - b. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
  - c. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities have maintained proper records of their inventories. No material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Holding Company and a subsidiary have granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Said loans are interest free and there is no stipulation as to repayment.
- (iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, having regard to the explanations that certain items purchased are of special nature for which suitable alternative sources are not readily available for obtaining comparative quotations, there is an adequate internal control system in the Holding Company and subsidiaries, commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our and the other auditors no continuing failure to correct major weaknesses in such internal control system has been observed.
- (v) the holding company had accepted public deposits and has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended to extent applicable. In respect of subsidiaries, in our opinion and in the opinion of the other auditors and according to the information and explanations given to us and the other auditors, subsidiaries have not accepted any public deposit within the provisions of Sections 73 to 76 of the Companies Act 2013.

- (vi) According to the information and explanations given to us and the other auditors, in our opinion and the opinion of the other auditors, central government has not prescribed maintenance of cost records under section 148 of the Companies Act, 2013.
- (vii) According to the records of the Company and the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiaries:
- a. The respective entities have been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities, however it is noticed that there has been delays in payment of some of the statutory dues. There are no undisputed amounts payable by the respective entities in respect of such dues in arrears as at March 31, 2015 for period of more than six months from the date they became payable except following, which we are informed is due to continuing liquidity constraints face by the Group since May 2013 as described in Notes to Consolidated Financial statements :

Nature of Dues	Amount (₹ in lacs )
Employee Provident Fund	40.95
Employee's State Insurance	5.47
Labour Welfare Fund	0.09
Employee Professional Tax	5.20
Property Tax	8.78
Income Tax	3,846.89
Sales Tax	316.58
Service Tax	8.53
Other	0.56
<b>Total</b>	<b>4,233.05</b>

- b. Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes by the aforesaid entities are given below:

Nature of dues (Inclusive of interest & penalty)	Forum where dispute is pending	Amount (₹in lacs )
Income Tax	Commissioner of Income Tax (Appeals )	27,624.10
	Assistant. CIT	96.08
	Intimation as per 143(3) of Income Tax	72.40
	Rectification u/s 154 Income Tax Officer	311.01
	<b>Sub-total</b>	<b>28,103.59</b>
Service Tax	Central Excise and Service Tax Appellate Tribunal	267.26
	Additional commissioner of Service Tax ( Appeals )	540.81
	<b>Sub-total</b>	<b>808.07</b>
Value Added Tax	Commercial Tax Officer- Chennai	128.75
	Deputy Commissioner of Sales Tax(Appeal)	1,027.63
	Commercial Tax Officer	5,717.42
	<b>Sub-total</b>	<b>6873.80</b>
Central Sales Tax	Deputy Commissioner of Sales Tax(Appeal)	258.18
	Joint Commissioner of Sales Tax	10.36
	<b>Sub-total</b>	<b>268.54</b>
Central Excise	Stay filed with Excise Authority	123.82
	<b>Sub-total</b>	<b>123.82</b>
TRACES - TDS	Rectification yet to be filed with appropriate tax authorities	812.32
	<b>Sub-total</b>	<b>812.32</b>
Octroi Duty	Brihan Mumbai Mahanagar palika	114.11
	<b>Sub-total</b>	<b>114.11</b>

- c. The holding company has transferred the amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under within time. In respect of subsidiaries there were no amounts to be transferred to Investor Education and Protection Fund.

- viii) The Group does not have consolidated accumulated losses at the end of financial year and the group has not incurred any cash losses, on a consolidated basis, during the financial year and in the immediately preceding financial year .

- (ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company and subsidiaries have not defaulted in the repayment of dues to financial institutions, banks and debenture holders except that the company has delayed in timely repayment of its dues to banks for ECB and to financial institution for debentures. In respect of 12% Non convertible Debenture issued to LIC of India, principal of ₹ 243.73 lacs is overdue. At group level bank facilities are overdrawn to extent of Rs 12,930 lacs, mainly on account of non servicing of interest which we are informed is due to continuing liquidity constraints face by the Group since May 2013 as described in Notes to Consolidated Financial statements. In respect of loan obtained from financial institution by a subsidiary there has been delay in servicing interest. March installment of ₹ 2,000.00 lacs and of interest of ₹ 34.62 lacs is outstanding as at 31<sup>st</sup> March 15.
- (x) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the terms and conditions of the guarantee given by the by the respective entities for loan taken by other entities in the Group from bank or financial institution are not, prima facie, prejudicial to the interests of the respective companies.
- (xi) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company and a subsidiary for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, other than reported by the management under Litigation and other matters in Note 34 of consolidated financial statement, no fraud by the Holding Company and its subsidiaries and no material fraud on the holding Company and its subsidiaries has been noticed or reported during the year.

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

Chartered Accountants

ICAI Firm Registration No. 102860W

**A.D.SHENOY**

Partner

Membership No. 11549

May 29, 2015

Place: Mumbai



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

	Note	2015	(₹ in Lacs) 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	9,812.05	9,206.55
Reserves and Surplus	3	4,01,838.63	3,85,212.98
Money Received against Share Warrants		4,261.45	-
		<u>4,15,912.13</u>	<u>3,94,419.53</u>
<b>Minority Interest</b>		<b>5,286.95</b>	6,096.44
<b>Non Current Liabilities</b>			
Long Term Borrowings	4	76,673.48	74,269.37
Other Long Term Liabilities	5	8,667.84	10,103.29
Long Term Provisions	6	2,502.63	1,380.00
		<u>87,843.95</u>	<u>85,752.66</u>
<b>Current Liabilities</b>			
Short Term Borrowings	7	7,94,814.62	7,63,200.58
Trade Payables	8	3,30,273.67	1,66,019.35
Other Current Liabilities	9	36,042.15	50,680.46
Short Term Provisions	10	2,252.39	3,258.51
		<u>11,63,382.83</u>	<u>9,83,158.90</u>
<b>TOTAL</b>		<b><u>16,72,425.86</u></b>	<b><u>14,69,427.53</u></b>
<b>II. ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets (Net)			
Tangible Assets	11	15,943.48	19,577.09
Intangible Assets		3,455.08	4,071.67
Capital W-I-P		8,103.15	8,139.48
Goodwill on consolidation		16,932.76	9,002.40
Non Current Investments	12	8,443.43	8,590.00
Deferred Tax Assets (Net)	37	2,199.32	1,943.44
Long Term Loans & Advances and Other Assets	13	38,787.10	39,927.33
		<u>93,864.32</u>	<u>91,251.41</u>
<b>Current Assets</b>			
Inventories	14	5,19,531.60	3,50,301.31
Trade Receivables	15	9,91,579.31	9,48,403.35
Cash and Bank Balance	16	26,085.82	35,542.99
Short Term Loans & Advances and Other Assets	17	41,364.81	43,928.47
		<u>15,78,561.54</u>	<u>13,78,176.12</u>
<b>TOTAL</b>		<b><u>16,72,425.86</u></b>	<b><u>14,69,427.53</u></b>

Significant Accounting Policies

Notes to Accounts

1

2 to 46

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

As per our attached report of even date.

For and on behalf of the Board

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

Chartered Accountants

ICAI Firm Registration No : 102860W

**Mehul C. Choksi**  
Managing Director

**Dhanesh Sheth**  
Director

**A. D. Shenoy**  
Membership No. 11549  
Partner  
Place : Mumbai  
Dated : May 29, 2015

**Pankhuri Warange**  
Company Secretary

**Chandrakant Karkare**  
Chief Financial Officer

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


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	Note	2015	(₹ in Lacs) 2014
<b><u>REVENUE</u></b>			
Revenue From Operations	18	<b>11,48,106.16</b>	12,43,600.03
Other Income	19	<b>9,852.85</b>	955.95
		<b>11,57,959.01</b>	12,44,555.98
<b><u>EXPENDITURE</u></b>			
Purchase of Raw Material & Traded Goods	20	<b>11,44,979.91</b>	9,52,568.80
Changes in Inventories	21	<b>(1,66,332.84)</b>	94,475.84
Employee Benefit Expenses	22	<b>27,599.74</b>	27,133.10
Finance Cost	23	<b>90,416.25</b>	73,631.45
Depreciation & Amortization Expenses	11	<b>4,688.68</b>	3,827.33
Other Expenses	24	<b>40,789.87</b>	89,224.02
		<b>11,42,141.61</b>	12,40,860.54
<b>Profit Before Exceptional Item &amp; Tax</b>		<b>15,817.40</b>	3,695.44
<b>Add: Exceptional Item</b>	25	<b>(6,975.65)</b>	(73.47)
<b>Profit Before Tax</b>		<b>8,841.75</b>	3,621.97
Current Tax		<b>858.42</b>	769.37
MAT Credit		<b>(780.19)</b>	(374.60)
Deferred Tax		<b>(194.64)</b>	(367.10)
<b>Profit after Tax before adjustment for Consolidation</b>		<b>8,958.16</b>	3,594.30
Less: Share of profit / (Loss) of associates		<b>219.55</b>	-
Add: Minority Interest		<b>811.09</b>	(242.10)
<b>Profit after Tax after adjustment for consolidation</b>		<b>9,549.70</b>	3,352.20
<b>Balance Carried to Balance Sheet</b>		<b>9,549.70</b>	3,352.20
Basic Earnings per Share of face value of ₹ 10 each (₹)		<b>9.84</b>	3.64
Diluted Earnings per Share of face value of ₹ 10 each (₹)		<b>9.73</b>	3.40

Significant Accounting Policies

1

Notes to Accounts

2 to 46

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

As per our attached report of even date.

For and on behalf of the Board

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

Chartered Accountants

ICAI Firm Registration No : 102860W

**A. D. Shenoy**  
Membership No. 11549

Partner

Place : Mumbai

Dated : May 29, 2015

**Mehul C. Choksi**  
Managing Director

**Pankhuri Warange**  
Company Secretary

**Dhanesh Sheth**  
Director

**Chandrakant Karkare**  
Chief Financial Officer

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


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		(₹ in Lacs)	
	2015	2014	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>			
<b>Net Profit before tax as per Profit &amp; Loss Account</b>	<b>8,841.75</b>	3,621.97	
Adjusted for:			
Depreciation, Amortisation & preliminary expenses written off	4,688.68	3,827.33	
Provision for Bad Debts & W/off	2,162.62	18,607.47	
Effect of Exchange Rate Change	(19,667.85)	(32,833.68)	
Loss on sale of Investment	(26.79)	-	
Loss on sale of Fixed Asset	548.43	13.97	
Provision for Gratuity & Leave Encashment	147.45	(70.00)	
Impairment of Investment	3,000.00	-	
Interest and Finance Charges - net	<u>90,416.25</u>	<u>73,631.45</u>	
	<b>81,268.79</b>	63,176.54	
<b>Operating Profit before Working Capital Changes</b>	<b>90,110.54</b>	66,798.51	
Adjusted for:			
Trade and Other Receivables	(33,400.43)	(1,64,263.91)	
Inventories	(1,66,488.92)	93,853.76	
Trade Payables & Other Liabilities	<u>1,58,603.02</u>	<u>(2,91,598.70)</u>	
<b>Cash Generated from Operations</b>	<u>(41,286.33)</u>	<u>(3,62,008.85)</u>	
	<b>48,824.21</b>	(2,95,210.34)	
Taxes Paid	(2,497.58)	(1,399.27)	
<b>Net Cash generated from Operations</b>	<b>Total (A)</b>	<u>46,326.63</u>	<u>(2,96,609.61)</u>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets - net	(495.23)	(3,413.96)	
Net change in other assets	345.15	(645.08)	
Investment in Subsidiaries / Joint Venture	<u>(9,117.95)</u>	259.21	
<b>Net Cash Used in Investing Activities</b>	<b>Total (B)</b>	<u>(9,268.03)</u>	<u>(3,799.83)</u>

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


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	2015	2014
		(₹ in Lacs)
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issue of Share Warrants	4,221.45	-
Proceeds / (Maturity ) from Fixed Deposit Scheme	(39.40)	227.29
Proceeds / (Repayment) of term loans & working capital loans	35,446.42	3,10,366.96
Interest Paid - Net	<u>(86,433.46)</u>	<u>(72,119.12)</u>
<b>Net Cash from Financing Activites</b>	<b>Total (C)</b>	2,38,475.13
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>Total(A+B+C)</b>	<u>(9,746.39)</u> <u>(61,934.31)</u>
Opening Balance of Cash & Cash Equivalents	35,542.99	97,034.03
Add: Adjustment on account of exchange rate	(24.63)	354.80
Add: Upon addition / exclusion of Subsidiaries / J.V.	<u>313.85</u>	<u>88.47</u>
	<b>35,832.21</b>	97,477.30
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<u><b>26,085.82</b></u>	<u>35,542.99</u>

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

- Note: 1) Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 of The Companies (Accounting Standards) Rules, 2006
- 2) Foreign Current exchange rate fluctation includes exchange difference on account of translation of Foreign Subsidiary companies financial Statement.
- 3) Figures in bracket indicates outflows.
- 4) Previous year's figures have been restated and regrouped wherever necessary.
- 5) Balance with banks includes unclaimed dividend of ₹ 15.84 Lacs (Previous Year ₹ 16.91 Lacs)
- 6) Cash & Cash Equivalents for the purpose of cash flow statement comprise of Cash at Bank, in hand and Term investments.

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

For and on behalf of the Board

**A. D. Shenoy**  
**Membership No. 11549**  
 Partner  
 Place : Mumbai  
 Dated : May 29, 2015

**Mehul C. Choksi**  
 Managing Director

**Dhanesh Sheth**  
 Director

**Pankhuri Warange**  
 Company Secretary

**Chandrakant Karkare**  
 Chief Financial Officer

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

### Company Background:

Gitanjali Gems Limited (the Company) is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is a vertically integrated player in the jewellery industry and is engaged in diamond and jewellery manufacturing, jewellery branding and retailing. For this purpose the company has its own manufacturing facilities at Mumbai, Surat and Hyderabad within and outside the Special Economic zone (SEZ). The company also purchases jewellery produced by reputed manufacturers. During the year, as a part of restructuring the company has resolved merger of one of its wholly owned subsidiary company with itself.

### NOTE : 1

#### SIGNIFICANT ACCOUNTING POLICIES.

##### 1.1 Basis of preparation of financial statements

The Consolidated Financial statements relate to Gitanjali Gems Limited (the Company) and its subsidiaries and Joint venture (together referred to as the 'Gitanjali Group'). The Consolidated Financial Statements are prepared on accrual basis under the historical cost Convention, in accordance with generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards specified in section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the relevant provisions of the Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

##### 1.2 Principles of consolidation

- a. The Consolidated Financial Statements include the financial statements of Gitanjali Gems Ltd. (the Company) and all of its subsidiaries, which are more than 50% owned and controlled and as regards joint ventures its share of interest in joint venture which is accounted on the basis of proportionate line-by-line consolidation. All material inter-company accounts and transactions are eliminated on consolidation.

- b. The management has classified its foreign operations as non – integral. In translating financial statements of non integral foreign operation for incorporation in financial statements, components of financial statements of foreign subsidiaries are translated into Indian Rupees in accordance with the Accounting Standards AS 21 / AS 11 as notified by the Companies (Accounting Standards) Rules, 2006. Briefly stated:
  - i. All income and expenses are translated at the average rate of exchange prevailing during the year.
  - ii. Assets and Liabilities are translated at the rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
  - iii. The resulting exchange differences are accumulated in Exchange Fluctuation Reserve Account.
- c. The difference between the cost of investment and net worth at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. In case of Goodwill, it is tested for impairment annually. In case where loss is in excess of the minority interest in the equity of the subsidiary, it is adjusted against the majority interest.
- d. Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interests share of net assets is presented separately in the balance sheet.

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

##### 1.3 Use of Estimates

The preparation of Consolidated Financial Statements, in conformity with the Generally Accepted Accounting Principles, requires estimates and assumptions to be made that affects the reported amounts of assets and liabilities on the date of

financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### 1.4 Revenue Recognition

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

#### 1.5 Fixed Assets and Intangibles

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

#### 1.6 Leases

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

- a. Finance lease
 

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

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

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

#### 1.7 Impairment of Fixed Assets

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

#### 1.8 Depreciation and Amortization of Fixed Assets

Depreciation on Fixed Assets is provided on WDV method over the useful lives of the assets, as prescribed under Schedule II of the Companies Act, 2013 with effect from 1st April, 2014. The expenditure incurred on improvement to leasehold premises is written off evenly over the period of the lease. Individual Assets costing below ₹ 5000/- each are fully depreciated in the year of acquisition.

#### 1.9 Investments

- (i) Long – term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Investments in properties are subject to depreciation in accordance with the applicable local laws.
- (ii) Current investments, if any, are valued at lower of cost and market value.

Cost of investments include acquisition charges such as brokerage, fees and duties.

#### 1.10 Borrowing Costs

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

#### 1.11 Foreign Currency Transactions

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

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

### 1.12 Inventories

Inventories of raw materials, finished goods, rejections, trading goods and stores are valued as under:	
Raw Material	Lower of cost and net realizable value
Rough Diamond Rejections	At net realizable value
Trading Goods	Lower of cost and net realizable value
Finished Goods — Polished Diamonds	Lower of cost and net realizable value
Work in progress — Jewellery	Lower of market value and material cost plus proportionate labour and overheads
Finished Goods — Jewellery	Lower of market value and material cost / estimated cost plus labour and overheads
Finished Goods — Gold	Lower of cost and market value
Consumable Stores & Tools	At cost

### 1.13 Taxation

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

#### a. Indian Companies

The company is eligible for tax incentive under the Indian Taxation Laws. These incentives presently include an exemption from payment of normal Income Tax for operation in Special Economic Zones. The said income is liable to Minimum Alternate Tax and such tax is eligible for set off as described in subsequent paragraph. The management estimates the provisions for current tax after considering such tax benefits.

Deferred tax is recognized, subject to prudence,

on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

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

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

### 1.14 Employee Benefit

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

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

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

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

#### 1.15 Segment Reporting

The Company is primarily engaged in the business of trading and manufacturing of Diamond Cutting and Polishing, Diamond Studded Jewellery and Plain Gold Jewellery and hence entire operations represents a single primary segment. The company operates in India as well as abroad. The secondary segmental reporting is on the basis of the geographical location of its customers.

#### 1.16 Cash flow Statement

Cash flows are reported using indirect methods as set out in Accounting Standard (AS) – “Cash Flow Statement”, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts

or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits with banks. Cash equivalents are short term balances that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 1.17 Earnings per Share

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

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

#### 1.18 Provisions, Contingent Liabilities and Contingent Assets

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



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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,

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(₹ in Lacs)

2015 2014

**NOTE 2 - Share Capital****Authorised :**

15,00,00,000 Equity Shares of ₹ 10/- each	<b>15,000.00</b>	15,000.00
(Previous year 15,00,00,000 Equity shares of ₹10/-each )		
	<u><b>15,000.00</b></u>	<u>15,000.00</u>

**Issued, Subscribed & Paid up :**

9,81,20,451 ( Previous Year 9,20,65,491 ) Equity Shares of ₹ 10 each fully paid up	<b>9,812.05</b>	9,206.55
(Refer Note No. 27)		
	<u><b>9,812.05</b></u>	<u>9,206.55</u>

**NOTE 3 - Reserves & Surplus****(I) Share Premium**

Balance as per Last Balance Sheet	<b>1,29,677.40</b>	1,29,677.40
Add : Addition on account of conversion of FCD	<b>3,294.50</b>	-
Closing Balance	<u><b>1,32,971.90</b></u>	<u>1,29,677.40</u>

**(II) Capital Reserve on consolidation**

	<b>4,324.13</b>	4,324.13
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**(III) Exchange Fluctuation Reserve**

Balance as per Last Balance Sheet	<b>22,868.38</b>	12,936.58
Add : During the Year	<b>2,605.62</b>	9,931.80
Closing Balance	<u><b>25,474.00</b></u>	<u>22,868.38</u>

**(IV) Capital Reserve**

	<b>3,120.00</b>	3,120.00
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**(V) Capital Redemption Reserve**

	<b>129.29</b>	129.29
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**(VI) Debenture Redemption Reserve**

	<b>10,000.00</b>	10,000.00
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**(VII) General Reserve**

	<b>13,578.27</b>	13,578.27
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**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,**


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	(₹ in Lacs)	
	2015	2014
<b>(VIII) Profit &amp; Loss Balance</b>		
Balance as per Last Balance Sheet	2,01,515.51	1,93,879.86
Add : Surplus as per Statement of Profit & Loss	9,549.70	3,352.20
Add: Adj on account of consolidation	1,175.83	1,052.09
	<u>2,12,241.04</u>	<u>1,98,284.15</u>
Less : Appropriations		
Proposed Dividend	-	(2,761.96)
Tax on Dividend	-	(469.40)
	-	<u>(3,231.36)</u>
Closing Balance	<u>2,12,241.04</u>	<u>2,01,515.51</u>
<b>TOTAL</b>	<u><b>4,01,838.63</b></u>	<u><b>3,85,212.98</b></u>

**NOTE 4 - Long Term Borrowings****Secured**

Non-Convertible Debentures	4,660.00	3,900.00
External Commercial Borrowings	53,061.05	59,590.58
Term Loans From Banks	6,222.50	10,551.50

**Unsecured**

Fixed Deposit Scheme	187.89	227.29
Loans & Advance from Related Parties (Refer Note - 30)	12,542.04	-
<b>TOTAL</b>	<u><b>76,673.48</b></u>	<u><b>74,269.37</b></u>

**NOTE 5 - Other Long Term Liabilities**

Loans & Advance from Related Parties	-	646.62
Other Loans & Advances	8,667.84	9,456.67
<b>TOTAL</b>	<u><b>8,667.84</b></u>	<u><b>10,103.29</b></u>

**NOTE 6 - Long Term Provisions**

Provision for Employee Benefits (It includes provision for Gratuity & Leave Encashment)	828.77	695.04
Provisions for expenses	1,673.86	684.96
<b>TOTAL</b>	<u><b>2,502.63</b></u>	<u><b>1,380.00</b></u>

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,

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(₹ in Lacs)

2015 2014

**NOTE 7 - Short Term Borrowings****Secured**

Working Capital Facilities from Banks 7,92,323.61 7,60,466.19

**Current Maturity of Long Term Debts**

- Term Loans 2,491.01 2,734.39

(Refer Note - 30)

<b>TOTAL</b>	<b>7,94,814.62</b>	<b>7,63,200.58</b>
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**NOTE 8 - Trade Payables**

Creditors for Goods / Labour 3,00,473.34 1,30,866.52

Creditors for Expenses 29,800.33 35,152.83

<b>TOTAL</b>	<b>3,30,273.67</b>	<b>1,66,019.35</b>
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**NOTE 9 - Other Current Liabilities**

Current Maturities of Long Term Debt 10,412.89 10,975.51

Interest Accrued 1,589.03 4,800.61

Unpaid Dividends 15.85 16.91

Advance Received from Customers 14,748.95 25,958.41

Statutory Liabilities 2,027.70 1,971.31

Bank Overdraft 527.04 -

Other Expenses 6,720.69 6,957.71

<b>TOTAL</b>	<b>36,042.15</b>	<b>50,680.46</b>
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**NOTE 10 - Short Term Provisions**

Provision for Employee Benefits 119.01 372.36

**Provision for Others**

Provision for Expenses 671.31 735.60

Provision for Taxation 1,462.07 2,150.55

<b>TOTAL</b>	<b>2,252.39</b>	<b>3,258.51</b>
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## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	2014	Additions/Adjustment on account of Acquisition	Deductions / Transfers	2015	2014	Additions / Adjustments on account of Acquisition	For the Year	Deductions / Transfers	2015	2014
	(₹ in Lacs)									
<b>Tangible Assets</b>										
Freehold land *	4,107.93	-	-	4,107.93	-	-	-	-	-	4,107.93
Leasehold Land	609.26	-	-	609.26	27.68	2.47	2.47	-	30.15	579.11
Factory Building	5,964.11	-	152.42	5,811.69	2,674.75	288.71	288.71	112.99	2,850.47	2,961.22
Office Premises	1,813.99	-	747.19	1,079.50	385.24	54.96	54.96	(10.23)	450.43	629.07
Plant & Machinery	6,198.02	(2.70)	52.15	6,015.71	4,285.32	(2.53)	480.56	310.65	4,452.70	1,563.01
Furniture & Fixture	8,591.24	-	171.49	6,654.45	4,896.03	-	806.16	1,518.06	4,184.13	2,470.32
Office Equipments	2,688.87	(7.86)	63.24	1,433.24	1,773.15	(5.01)	282.64	831.09	1,219.69	213.55
Computers	3,378.53	(17.32)	120.48	2,338.65	2,772.41	(11.08)	344.54	1,022.05	2,083.82	254.83
Vehicles	500.61	-	208.01	292.60	407.50	-	31.43	187.64	251.29	41.31
Electrical Equipment & Fittings	22.31	-	3.76	18.55	7.89	-	5.24	2.03	11.10	7.45
Motor Boat	147.17	-	-	147.17	111.26	-	13.02	-	124.28	22.89
Leasehold Improvements	9,458.80	-	1,196.93	10,655.73	6,562.53	-	1,031.17	30.76	7,562.94	3,092.79
<b>Sub-Total</b>	43,480.84	(27.88)	1,616.99	39,164.48	23,903.76	(18.62)	3,340.90	4,005.04	23,221.00	15,943.48
<b>Intangible Assets</b>										
Goodwill	438.80	-	-	438.80	-	-	-	-	-	438.80
Computer Software	398.93	(10.59)	0.10	381.27	254.22	(4.72)	54.53	6.99	297.04	84.23
Trademarks / Patents etc.	2,797.43	-	18.98	2,778.45	2,056.63	-	537.13	-	2,593.76	184.69
Trade Names	2,747.36	-	-	2,747.36	-	-	-	-	-	2,747.36
<b>Sub-Total</b>	6,382.52	(10.59)	0.10	6,345.88	2,310.85	(4.72)	591.66	6.99	2,890.80	3,455.08
Capital Work-in-Progress	8,139.48	-	40.20	8,103.15	-	-	-	-	-	8,103.15
<b>Grand Total</b>	58,002.84	(38.47)	1,657.29	53,613.51	26,214.61	(23.34)	3,932.56	4,012.03	26,111.80	27,501.71
Previous Year Figures	49,249.73	6,203.05	4,021.24	58,002.84	18,864.24	4,219.48	3,307.92	177.03	26,214.61	31,788.23

**Note:**

\* Including cost of land, the title of which yet to be transferred in the name of the company.

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

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**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,**


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	(₹ in Lacs)	
	2015	2014
<b>NOTE 12 - Non Current Investments</b>		
<b>(I) Investment properties</b>		
Premises at 6, Laxmi Tower, B-wing, Mumbai	823.30	842.05
Premises at 3, Laxmi Tower, B-wing, Mumbai	725.32	949.57
Premises at 3, Laxmi Tower, A-wing, Mumbai	400.13	546.62
Premises at 7, Laxmi Tower, A-wing, Mumbai	1,753.31	1,964.13
<b>(II) Investment in Equity Instruments</b>		
- In affiliates - unquoted at cost		
2,550 equity shares of ₹10/- each of Shubalavanyaa Jewel Crafts Private Limited (Previous Year 2,550 equity shares)	-	17.83
99,000 Equity Shares of ₹100/- each fully paid up of eGitanjali Limited (Previous Year : 99,000 Equity Shares)	99.00	-
Gitanjali Jewels LLC	44.79	44.79
Gitanjali Gold & Precious Limited	-	41.59
8,500 Equity Shares of ₹ 10/- each fully paid up of GEMTA Coal Mines Ltd. (Previous Year : Nil shares)	0.85	-
- Others - unquoted at cost		
51 equity shares of Citizen Co-operative Bank of face value of ₹10 each fully paid-up. (Previous Year 51 equity shares)	0.01	0.01
10,00,000 equity shares of Diamond India Limited of ₹ 10/- each (paid-up ₹5/-) (Previous Year : 10,00,000 equity shares)	500.00	500.00
125 equity shares of Shoppers' Stop Limited of ₹ 10/- each (Previous Year 125 equity shares)	0.30	0.30
125 equity shares of ₹25/- each of Shamrao Vithal Co-op Bank Ltd. (Previous Year 125 equity shares)	0.03	0.03
Gems London	895.70	895.67
- Others - quoted at cost		
Verite Company Limited	2,565.68	2,565.68
<b>(III) In Government Securities</b>		
NSC (FV ₹10,000/- & ₹5,000/-) - under lien with Sales Tax authority	2.98	3.03
<b>(IV) Investments in Mutual Funds</b>		
Nil units of Baroda Pioneer Liquid Fund (Mutual Fund) - (Previous year - 500,000 units)	-	36.85
43,370.729 Units of Union KBC Ultra Short term debt fund DIR (NAV as on 31.03.2015 ₹ 5,64,45,265/- for 43,370.729 units @ ₹1,301.46 ). (Previous year - 7339.451 units)	535.54	75.36
1,231.022 units of Union KBC Ultra Short term debt fund DIR (NAV as on 31.03.2015 ₹15,99,199/- for 1,231.022 units @ ₹1,299.08 ). (Previous year - 1,231.022 Units)	12.14	12.14
Nil units of Baroda Pioneer bank & fin services limited (Previous Year 99,492.537 units.)	-	10.00
<b>(V) Others</b>		
Share application money - Mannat Jewellery Manufacturing Pvt Ltd.	84.35	84.35
<b>TOTAL</b>	<b>8,443.43</b>	<b>8,590.00</b>

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**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,**


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	2015	(₹ in Lacs) 2014
<b>NOTE 13 - Long Term Loans &amp; Advances and Other Assets</b>		
<b>Unsecured, Considered Good</b>		
Advances recoverable in cash or in kind	5,356.02	11,599.41
Deposits	3,724.28	10,417.57
Loans & Advance to Related Parties	8,208.07	243.23
<b>Other Loans &amp; Advances</b>		
Balance with Revenue Authorities	409.65	459.93
Income Tax	11,887.64	11,321.26
Others	9,201.44	5,885.93
<b>TOTAL</b>	<u>38,787.10</u>	<u>39,927.33</u>
<b>NOTE 14 - Inventories</b>		
Raw materials	1,87,482.84	86,134.16
Work in progress	13,256.78	713.81
Finished goods / Trading goods	3,18,733.32	252,557.97
Consumables, Stores & Tools	57.89	160.44
Others	0.77	10734.93
<b>TOTAL</b>	<u>5,19,531.60</u>	<u>3,50,301.31</u>
<b>NOTE 15 - Trade Receivables</b>		
(Unsecured )		
Outstanding for more than six months considered good	5,74,163.00	8,36,965.61
Outstanding for more than six months considered doubtful	1,369.77	1,279.37
	<u>5,75,532.77</u>	<u>8,38,244.98</u>
Others considered good	3,97,556.78	69,602.32
	<u>3,97,556.78</u>	<u>69,602.32</u>
Exports Receivables Translation Control Account	19,859.53	41,835.42
<b>Sub Total</b>	<u>9,92,949.08</u>	<u>9,49,682.72</u>
Less: Provision for doubtful debts (Refer Note No. 31)	1,369.77	1,279.37
<b>TOTAL</b>	<u>9,91,579.31</u>	<u>9,48,403.35</u>

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**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,**


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**NOTE 16 - Cash and Bank Balance**

	(₹ in Lacs)	
	2015	2014
<b>Cash and Cash Equivalents</b>		
Balances with Banks	4,098.03	3,363.77
Cash on Hand	272.12	756.85
<b>Other Bank Balances</b>		
Fixed Deposit / Margin Money	21,715.67	31,422.37
<b>TOTAL</b>	<u>26,085.82</u>	<u>35,542.99</u>

**NOTE 17 - Short Term Loans & Advances and Other Assets**

Advances to Suppliers	11,535.51	22,707.32
Loans & Advance to Related Parties	9,431.72	6,029.39
Income Tax	3,141.20	2,776.10
Balance with Revenue authorities	2,224.66	1,796.34
Others	15,031.72	10,619.32
<b>TOTAL</b>	<u>41,364.81</u>	<u>43,928.47</u>

**NOTE 18 - Revenue from Operations****Exports (Including Deemed Exports)**

Diamonds	1,14,507.86	3,88,808.73
Jewellery & Others	4,96,164.52	3,44,242.40
	<u>6,10,672.38</u>	<u>7,33,051.13</u>

**Local**

Diamonds	2,44,752.02	1,95,384.70
Jewellery & Others	2,92,681.76	3,15,164.20
	<u>5,37,433.78</u>	<u>5,10,548.90</u>
<b>TOTAL</b>	<u>11,48,106.16</u>	<u>12,43,600.03</u>

**NOTE 19 - Other Income**

Dividend Received	7.50	5.00
Exchange Difference Gain(Net)	9,399.68	-
Miscellaneous Income	445.67	950.95
<b>TOTAL</b>	<u>9,852.85</u>	<u>955.95</u>

**NOTE 20 - Purchase of Raw Material & Traded Goods**

Diamonds	4,33,039.80	4,66,206.75
Jewellery & Others	7,11,940.11	4,86,362.05
<b>TOTAL</b>	<u>11,44,979.91</u>	<u>9,52,568.80</u>

	(₹ in Lacs)	
	2015	2014
<b>NOTE 21 - Changes in Inventories</b>		
Diamonds	(55,712.38)	1,14,181.18
Jewellery & Others	(1,10,620.46)	(19,705.34)
<b>TOTAL</b>	<b>(1,66,332.84)</b>	<b>94,475.84</b>
<b>NOTE 22 - Employee Benefit Expenses</b>		
<u>Payment to and Provision for Employees</u>		
Salary, Bonus & Allowances	23,597.51	25,507.23
Contribution to P.F. & Other Funds	1,789.19	893.94
Gratuity	188.37	64.79
Staff Welfare	2,024.67	667.14
<b>TOTAL</b>	<b>27,599.74</b>	<b>27,133.10</b>
<b>NOTE 23 - Finance Cost</b>		
Bank Interest (Net) (Refer Note No. 29)	87,939.78	70,491.25
Other expenses	2,476.47	3,140.20
<b>TOTAL</b>	<b>90,416.25</b>	<b>73,631.45</b>
<b>NOTE 24 - Other Expenses</b>		
Advertisement, Selling & Distribution expenses	7,109.94	8,283.08
Auditor's Remuneration	95.45	122.62
Bank charges & Commission	6,891.19	6,082.27
Consumption of stores & spare parts	297.27	248.76
Custom Duty	2,701.60	721.07
Insurance	308.40	468.67
Labour Charges	8,098.92	19,919.76
Legal, Professional And Service Charges	3,059.99	4,174.50
Miscellaneous Expenses	3,421.43	16,574.58
Exchange Difference (Net)	-	1,015.44
Power & fuel	212.25	993.84
Provision for Doubtful debts & Bad Debts W/off	499.56	18,210.98
Rent, Rates & Taxes	4,578.59	7,336.49
Repairs to Machinery	490.87	1,082.65
Travelling Expenses	1,489.31	2,227.90
Postage, Telephones & Communication charges	1,535.10	1,761.41
<b>TOTAL</b>	<b>40,789.87</b>	<b>89,224.02</b>
<b>NOTE 25 - Exceptional Item</b>		
Gain / (Loss) on Sale of Fixed Assets	(244.81)	(14.07)
Gain / (Loss) on Sale of Investments	(6,730.84)	-
Others	-	(59.40)
<b>TOTAL</b>	<b>(6,975.65)</b>	<b>(73.47)</b>



**NOTE – 26: Investments****26.1**

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

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2015	Percentage of Ownership Interest as at 31-03-2014	Relationship
1	Gitanjali Exports Corporation Limited	India	100%	100%	Subsidiary
2	Gitanjali Infratech Limited	India	100%	100%	Subsidiary
3	Hyderabad Gems SEZ Limited	India	100%	100%	Subsidiary
4	Nashik Multi Services SEZ Limited	India	100%	100%	Subsidiary
5	Eureka Finstocks Private Limited	India	100%	100%	Subsidiary
6	N&J Finstocks Private Limited	India	100%	100%	Subsidiary
7	Decent Securities & Finance Private Limited	India	100%	100%	Subsidiary
8	Decent Investment & Finance Private Limited	India	100%	100%	Subsidiary
9	Gitanjali Jewellery Retail Limited	India	100%	100%	Subsidiary
10	MMTC Gitanjali Limited	India	73.85%	74%	Subsidiary
11	Gitanjali Lifestyle Limited	India	100%	100%	Subsidiary
12	Maya Retail Ltd	India	95.94%	95.94%	Subsidiary
13	MobileNxt Teleservices Private Limited	India	70%	70%	Subsidiary
14	Gitanjali Brands Limited	India	99.99%	99.99%	Subsidiary
15	Nakshatra Brands Limited	India	100%	100%	Subsidiary
16	D'Damas Jewellery (India) Private Limited	India	51%	51%	Subsidiary
17	Gili India Limited	India	100%	100%	Subsidiary
18	Asmi Jewellery India Limited	India	100%	100%	Subsidiary
19	Spectrum Jewellery Limited	India	99.60%	99.60%	Subsidiary
20	Aston Luxury Group Limited	Hongkong	100%	100%	Subsidiary
21	Crown Aim Limited	Hongkong	100%	100%	Subsidiary
22	Leading Italian Jewels SRL	Italy	100%	100%	Subsidiary
23	Leading Jewels of Japan Kabushiki Kaisha	Japan	100%	100%	Subsidiary
24	Samuels Jewelers, Inc.	USA	100%	100%	Subsidiary
25	Gitanjali USA, Inc.	USA	100%	100%	Subsidiary
26	Diamlink Inc	USA	51%	51%	Subsidiary
27	Diamlink Jewellery Inc	USA	51%	51%	Subsidiary
28	Jewelry Marketing Company LLC	USA	51%	51%	Subsidiary
29	LJOW Holdings, LLC	USA	51%	51%	Subsidiary
30	Tri-star Worldwide LLC	USA	100%	100%	Subsidiary
31	GGL Diamonds LLC	USA	100%	100%	Subsidiary
32	Gitanjali Ventures DMCC	UAE	100%	100%	Subsidiary
33	Abbeycrest (Thailand) Limited	Thailand	99.99%	99.99%	Subsidiary
34	Giantti Jewellery (Shanghai) Co. Ltd	China	100%	100%	Subsidiary
35	Tianxin Diamonds (Shanghai) Co. Ltd	China	100%	100%	Subsidiary
36	eGitanjali Limited	India	40%	100%	Associate

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

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2015	Percentage of Ownership Interest as at 31-03-2014	Relationship
1	Gitanjali USA, Inc.	USA	100%	100%	Subsidiary
2	Tri-star Worldwide LLC	USA	100%	100%	Subsidiary
3	Abbeycrest (Thailand) Limited	Thailand	99.99%	99.99%	Subsidiary
4	Gitanjali Lifestyle Limited	India	100%	100%	Subsidiary
5	E Gitanjali Limited	India	40%	100%	Subsidiary
6	Gitanjali Jewellery Retail Limited	India	100%	100%	Subsidiary
7	Aston Luxury Group Limited	Hongkong	100%	100%	Subsidiary
8	Crown Aim Limited	Hongkong	100%	100%	Subsidiary
9	Leading Italian Jewels SRL	Italy	100%	100%	Subsidiary
10	GGL Diamonds LLC	USA	100%	100%	Subsidiary
11	Diamlink Inc	USA	51%	51%	Subsidiary
12	Diamlink Jewellery Inc	USA	51%	51%	Subsidiary
13	Jewelry Marketing Company LLC	USA	51%	51%	Subsidiary
14	LJOW Holdings, LLC	USA	51%	51%	Subsidiary
15	Samuels Jewelers, Inc	USA	100%	100%	Subsidiary

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

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2015	Percentage of Ownership Interest as at 31-03-2014	Relationship
1	Gitanjali Jewels LLC	UAE	49%	49%	Associate
2	Vidarbha Multi Products SEZ Ltd	India	100%	NIL	Subsidiary
3	Alfred Terry Limited (Formerly Known as Alfred Terry Holdings Limited)*	United Kingdom	100%	100%	Subsidiary
4	Imacbc	Honkong	20.2%	20.2%	Associate

\*The company has applied for voluntary liquidation in accordance with the provisions of Local Laws.

- d. The Consolidated Financial Statements includes accounts of thirteen (previous year: eighteen) subsidiaries (direct / indirect) whose net worth is negative. These being strategic investments, they continued to do business with the support of the holding company. The holding companies along with the management of respective subsidiaries are considering various options for reviving and making them viable. Hence, the accounts of these subsidiaries are prepared on going concern basis.

**26.2 During the year, the Company has invested / proposed to invest in the following companies:****a. Vidharbha Multi Products SEZ Limited (VMPSL)**

The Company through one of its wholly owned subsidiary incorporated VMPSL to set up a unit in Special Economic Zone for dealing in multi products.

**b. GEMTA Coal Mines Limited (GEMTA)**

As per the commitment made in previous year the company has invested ₹ 0.85 Lacs towards subscription to 8,500 equity shares of ₹10 each fully paid up being 17% of total equity capital of newly incorporated entity.

**26.3 During the year the company has disinvested in following companies:****a. Gitanjali Capital Private Limited (GCPL)**

During the year under review, the company has decided and disposed off its entire investment in GCPL. Accordingly GCPL ceases to be a subsidiary as on 31.03.2015.

**b. Leading Italian Jewels (Singapore) Pte. Ltd (LIJSPL)**

During the year under review, the company has decided and disposed off its entire investment in LIJSPL. Accordingly LIJSPL ceases to be a subsidiary as on 31.03.2015.

**c. Gitanjali Resources BVBA (GRBVBA)**

During the year under review, the company has decided and disposed off its entire investment in GRBVBA. Accordingly GRBVBA ceases to be a subsidiary as on 31.03.2015.

**d. E- Gitanjali limited (E-GIT)**

During the year, E-GIT issued additional Equity shares by Private placement .Consequently; the company's interest reduced to 40% against earlier 100% .Hence, the Company which was wholly owned subsidiary till last year became associate company effective 30.12.2014.

**e. Shubalavanyaa Jewel Crafts Private Limited (SJCPL)**

SJCPL had no operation and was incurring losses. As such, during the year, GBL disposed off its entire investment in SJCPL. Accordingly the company ceases to be a subsidiary as on 31.03.2015.

**f. Gitanjali Gold & Precious LLC (GGPLLC)**

The group was holding 49% investment in GGPLLC . During the year entire investment was sold. Accordingly the company ceases to be an associate.

**26.4 Proposed Merger of the Group Companies :**

The management reviewed the current market scenario and felt the need to consolidate the operations which would result in improved efficiency by harmonizing the activities. To achieve this objective scheme of amalgamation was proposed .The following companies approved the "Scheme of Amalgamation" [Scheme] under Section 391 to 394 of the Companies Act, 1956 and relevant Sections of the Companies Act 2013, to the extent applicable, for amalgamation . The merger would consolidate the following companies:

- i. Asmi Jewellery India Limited and Spectrum Jewellery Limited with Nakshatra Brands Limited
- ii. Gitanjali Jewellery Retail Limited and Gitanjali Lifestyle Limited with GILI India Limited,
- iii. Gitanjali Exports Corporation Limited with Gitanjali Gems Limited

The amalgamation schemes are subject to the approval by Hon. Mumbai High Court and approval of any other statutory authorities as may be required. Once sanctioned, the Schemes will be effective from the appointed date i.e. April 1, 2014.

**NOTE 27: SHARE CAPITAL**

- a. Details of Authorised, Issued, Subscribed and Paid up Capital as at March 31,

Share Capital	2015		2014	
	Number	₹ in lacs	Number	₹ in lacs
<b>Authorised</b>				
Equity Shares of ₹10/- each.	15,00,00,000	15,000.00	15,00,00,000	15,000.00
<b>Issued Subscribed &amp; Paid up</b>				
Equity Shares of ₹10/- each	9,81,20,451	9,812.04	9,20,65,491	9,206.55

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

Particulars	2015	2014
	Equity Shares Number	Equity Shares Number
Shares outstanding at the beginning of the year	9,20,65,491	9,20,65,491
<b>ADD:</b> Shares issued during the year on conversion of fully Convertible debenture	60,54,960	-
Shares outstanding at the end of the year	9,81,20,451	9,20,65,491

- c. Shares held by Holding / Ultimate Holding and / their subsidiaries / Associates: Current Year – Not Applicable (Previous Year – Not Applicable).
- d. Rights, Preferences and Restriction of Share holders  
The company has only one class of Equity shares having par value of ₹10/-. The equity shares have rights, Preferences and restrictions which are in accordance with the provision of law, in particular the Companies Act 2013.
- e. Details of share holders holding more than 5 % shares in the Company as at March 31,

Name of Share holder	2015		2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mehul C Choksi	3,03,43,018	30.92%	3,07,95,125	33.45%
D. B. Corp Limited	60,54,960	6.17%	NIL	NIL
Macquarie Finance (India) Private Limited	50,00,000	5.10%	50,00,000	5.43%

- f. Particulars of shares issued for consideration other than cash, shares bought back and bonus shares in last five years :
- Company bought back 792,883 Equity shares in Financial year 2009-10;
  - Issue of bonus shares – NIL.
- g. There are no shares reserved for issue under options, contracts / commitments for sale of Shares / disinvestments other than represented in clause (j) below.
- h. There are no shares forfeited during the year.
- i. Particulars of calls in arrears by directors and officers of the company. – NIL
- j. Security convertible into equity shares :
- During FY 2012-13, the Company had issued 1 (one) Zero percent Fully Convertible Debentures (FCDs) having face value of ₹ 3,900 lacs (Rupees Thirty Nine Crore Only) on a preferential basis to D.B Corp

Limited. The said FCD was compulsorily convertible into such number of equity shares with face value of ₹ 10/- each on 4th June 2014 i.e. at the end of 18 months from the date of allotment at a price determined as per SEBI (ICDR) Regulations, 2009. On completion of 18 months period as per the terms of issue, during the year, the company issued 60,54,960 equity shares at a premium of ₹ 54.41 on conversion of the FCD. Consequently paid up Share capital increased by ₹ 605.50 lacs and security premium by ₹ 3,294.50 lacs.

- ii) On 22nd January 2015, the Company has allotted 23,547,194 warrants on preferential basis to persons other than promoters. The said warrants carry an option / entitlement to subscribe to equivalent number of Equity Shares of ₹ 10/- each at a future date, not exceeding 18 (eighteen) months from the date of issue of such warrants at a price of ₹ 72.39/- which includes a premium of ₹ 62.39/- per share. The company has received ₹ 4,261.45 lacs being 25% of issue price against the above warrants.

**NOTE 28: Fixed Assets, Capital Work in Progress & Schedule II implementation**

- a) In accordance with requirements prescribed under Schedule II of the Companies Act 2013, the company and its subsidiaries has assessed the estimated useful life of its assets and has adopted the useful life as prescribed in the Schedule II in respect of all assets. Impact of Implementation of Schedule II implementation is as under:
  - i) The depreciation charged to Statement of Profit and Loss is higher by ₹830.43 lacs on account of changes in estimated useful life.
  - ii) The Depreciation charged to statement of profit & Loss includes ₹101.27 lacs on account of assets whose useful life has expired.
  - iii) During the year physical verification has been carried out of the fixed assets and WDV amount of ₹ 360.15 lacs has written off on account of comparison of physical assets with book Assets.
- b) In respect of one of the subsidiary of the company, with a view to implement the Infra projects the subsidiary commenced purchases of land which is reflected in fixed assets, out of these land pieces title to some Land has been transferred in the name of the subsidiary and in respect of some land pieces the subsidiary is in dispute with the landlords for transfer of title of land to the company. In respect of some land pieces under fixed Assets, part consideration is paid to landlord for purchase of land. The balance consideration will be added to the cost as and when determined and paid. Fixed asset register in respect of this subsidiary is under updation.
- c) One of the subsidiary of the company reviewed its capital work in progress and has written off CWIP of ₹ 54.67 lacs.
- d) One of the subsidiary has provided for impairment of CWIP of ₹ 14.85 lacs as there is no certainty regarding capitalization of the amount expended.
- e) In respect of 3 of the subsidiaries, the company has retrospectively changed its method of depreciation accounting on Investment property from SLM to WDV to be in line with group's depreciation policy. On account of this, the loss for the year is higher by ₹ 434.73 lacs being prior period depreciation due to change in method. Current year depreciation is higher by ₹86.80 lacs due to change in method.

**NOTE 29: Long term Contracts and Financial Derivative Instruments:**

The Company has entered into derivative contract for hedging interest rate related risk via interest rate swap agreement while availing ECB from IDBI, Dubai. The company has reviewed its long term contract including derivative contract. There are no material foreseeable losses on such contracts.

**NOTE 30: Borrowings**

- a. 12% Non-Convertible Debentures issued to LIC of India:

The 12% Non-convertible debentures for an aggregate amount of ₹12,500 lacs were issued to LIC of India on 22nd June, 2009. The said debentures are secured by first pari passu charge over immoveable properties in Hyderabad (A.P.) belonging to Hyderabad Gems SEZ Limited, a wholly owned subsidiary.

The tenure of the debentures was five years and same were redeemable in eight equal quarterly installments with initial moratorium of three years, the last installment being due on 21st June, 2014. As per revised terms approved by LIC, the company was required to pay principle of ₹812.50 lacs along with arrears of interest on cutoff date of 2nd August 2014. Balance liability towards principle of ₹7,000 lacs was allowed to be repaid in sixty monthly installments of ₹117.00 lacs each, starting from 22nd August 2014 and ending on 22nd July 2019, last installment being for ₹97.00 lacs. Current maturity of ₹ 1,647.73 lacs includes overdue principal of ₹243.73 lacs.

The company's business and the cash flows continued to be impacted due to the changes effected last year in RBI policy on Gold Import .In view of Cash flow constraints, the company has not created cash deposit of ₹ 211 lacs as required by Circular 4/2013 dated 11th February 2013 of GOI, MCA in respect of debentures installment maturing during the following year.

b. Fully Convertible Debenture issued to D.B. Corp Limited for ₹39 crores:

During FY 2012-13, the Company has issued 1 (one) Zero percent Fully Convertible Debenture (FCDs) having face value of ₹ 3900 lacs (Rupees Thirty Nine Crores Only) on a preferential basis to D.B Corp Limited. The said FCD was compulsorily convertible into such number of equity shares with face value of ₹ 10/- each at the end of 18 months from the date of allotment at a price to be determined as per SEBI (ICDR) Regulations, 2009. Accordingly, the company has allotted 6,054,960 Equity Shares to D. B. Corp Limited on June 04, 2014 pursuant to conversion of 1(One) Zero Percent Fully Convertible Debenture of ₹3,900 lacs. Consequent to said allotment, the paid up capital of the Company has increased from 92,065,491 Equity Shares of ₹ 10/- each to 98,120,451 of ₹ 10/- each. The share premium has increased by ₹ 3,294.50 lacs on account of issue of shares on conversion.

c. Working Capital Borrowing – from consortium of bankers

The total outstanding balance of Working Capital Borrowing from consortium of bankers as at 31st March 2015 amounted to ₹ 7,92,323.60 lacs. The above facility carries interest ranging from 5% to 14.5% per annum. The working capital borrowings are secured against certain immovable properties of the group and hypothecation by way of first charge on all present and future goods, movable assets, vehicles, furniture, stock in trade, fixed deposits and book debts along with the personal guarantee of the Managing Director.

In the month of May/June 2013, there have been changes in RBI Policy relating to issuance of BG/LC for purchase of gold. Due to this restriction, there has been sudden and severe impact on cash flow which started in May 2013, continued to affect cash flows during 2014-15.

During the year there were delay in servicing the interest on working capital borrowing and repayment of principal amounts. As at 31st March 2015, the facilities are overdrawn by ₹ 7,029 lacs mainly on account of non-servicing of interest of the company and ₹ 5,861.57 lacs in respect of 7 subsidiaries.

In respect of rescheduling of ECB and for additional margin towards working capital borrowing , the company provided for additional security of property of various subsidiaries and second charge on certain property of the company and pledge of shares of the promoters

Also the company has issued Fully convertible warrants on preferential basis to parties other than promoters for which it has received ₹4,261.45 lacs by way of subscription money towards Share warrants as elaborated in Note 26 j (ii). The promoter Mr Mehul Choksi has also infused unsecured loan of ₹6,423.14 lacs in the company & ₹ 5,017.50 lacs in 3 subsidiaries. The Loans brought in by the promoter are interest free and there is no stipulation as to repayment.

d. External Commercial Borrowings (ECB):

During the financial year 2011-12 the company raised ECBs aggregating USD 107.19 million from the following two banks

Sr. No	Name of Bank	Amount (USD millions)
1.	IDBI Bank Limited (Dubai)	57.19
2.	ICICI Bank Limited(Dubai)	50.00
<b>Total</b>		<b>107.19</b>

Out of the above ECB proceeds, USD 57.19 million was utilised to redeem the outstanding Foreign Currency Convertible Bonds (FCCBs) and balance USD 50 million was utilised towards capital expenditure in SEZ unit in Hyderabad and investment in overseas subsidiaries.

Further to this on 22nd January 2012 IDBI downsold ECB of USD 10 million to Bank of Baroda. The company's request for restructuring of ECB has been approved by RBI vide its letter dated November 27, 2014 and by IDBI vide its letter dated January 6, 2015 IDBI/DIFC/LOI/37/2014-15. As per revised terms, principal will be repayable in 10 structured half yearly installments beginning from 30th September 2015, last installment being due on 31st March 2020. Interest is set at 6 months LIBOR rate + 490 BPS. June 2014 being cutoff date for re-schedulement, the company has paid balance principal of USD 0.18 Million in December 2014 and overdue interest of USD 1.53 million in March 2015.

The said ECBs are secured by first pari passu charge over certain immovable properties belonging to the company's subsidiaries and second charge on the company's assets, namely, raw materials, stock in progress, finished goods, all book debts, movable plant and machinery, consumable stores and stores and spares, both present and future. During the year the company also provided additional security by way of properties of various subsidiaries in respect of the said ECBs.

The Company has entered into derivative contract for hedging interest rate related risk via interest rate swap agreement while availing ECB from IDBI, Dubai.

During the year there have been delays in servicing the principal and interest in respect of these ECBs. However as at 31st March, 2015 there are no over dues. Amount due in next 12 months is ₹ 8,765.17 lacs.

e. Public deposits:

During FY 2013-14, the Company has accepted deposits of ₹ 227.29 lacs from the public within the meaning of section 58A of the Companies Act, 1956. Fixed deposits are for the period from 1 year to 3 year and carries interest ranging from 11.50% to 12.50%. The amount due within 1 year is ₹ 17.38 lacs. The outstanding balance as on 31st March 2015 is ₹ 187.89 lacs. The company has created liquid reserve of ₹ 29.66 lacs in respect of deposit amount maturing in subsequent years. The company has not accepted any further public deposit within the meaning of Section 73 to 76 of the Companies Act 2013 and rules framed there under during the year.

f. One of the subsidiary of the company has availed ICD from SICOM. The loan was, initially for a period of 6 months and is renewable. The loan carries interest @16.25%. For delayed payments overdue and penal interest is chargeable. The loan is secured by subservient charge on movable and current assets of the company pledge of equity shares owned by Shri Mehul Choksi, personal guarantee of Shri Mehul C Choksi, Director and demand promissory note. In addition to this SICOM also holds charge on Jewellery pledged by another company as joint security and is also subservient to the loan availed by third party. The SICOM also holds PDCs issued by the subsidiary. The amount outstanding at the year end is ₹ 2,034.62 lacs the said amount is shown under the head Short Term Borrowings under Secured Loan. During the year there have been delays in servicing of interest and principal. As at 31st March 2015 the Principal of ₹ 2,000.00 lacs & the interest of ₹ 34.62 lacs is overdue.

**NOTE 31: Trade Receivables**

The trade receivables of subsidiary companies as at March 31, 2015 include dues of ₹ 2,824.30/- lacs (Previous Year ₹ 1,193.65 lacs) where suits have been filed / are in the process of filing suits for recovery of dues. The suits are maintainable in the court of Law. The management expects favorable outcome. The management is of the opinion that debts are good and recoverable and no provision is considered necessary at this stage.

The group considers all trade receivables as good and recoverable other than those in respect of which provision for doubtful debts is made. During the year the Company and a subsidiary company has written off export receivable of ₹ 16,071.14/- lacs as bad debts. The company is in process of filing application to authorized dealer / Reserve Bank of India in this respect.

There are some cases where the export receivables are outstanding for more than permissible limits for which respective companies are in the process of filing application to the requisite authority.

The receivables and payables from same party have been netted off for the purpose of presentation in the Consolidated Financial statements.

In case of holding company i.e. Gitanjali Gems Limited, trade receivables have been reviewed by the reputed firm of Chartered Accountants appointed by consortium of bankers and they have not reported any adverse comments.

**NOTE 32 :Purchase Of Raw Materials And Traded Goods**

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

**NOTE 33: Undisputed Statutory Dues**

As a result of change in RBI policy on gold imports, the company's cash flow was severely affected from mid May 2013 onwards and it continued to affect the cash flows of the company during FY 2014-15. For the said reason, bank working capital facilities were overdrawn on account of non serving of interest. As a result, the company could not meet some of the statutory payments in time.

As a result of the above, the self-assessment tax of the group of ₹ 3,808.86 lacs has also remained outstanding as at the date of signing the balance sheet. Further, for the same reason other statutory dues aggregating to ₹ 424.18 lacs was outstanding for period over six months from respective due dates as at year end.

**NOTE 34: Contingent Liabilities Not Provided In Respect Of**

- a. Corporate Guarantees given by the company for working capital facilities availed by the Group Companies to the extent of ₹ 3,75,017.46 lacs (Previous Year ₹ 3,45,573.15 lacs)
- b. Outstanding Letters of Credit: ₹ 627.48 lacs (Previous Year ₹ 97.94 lacs).
- c. Bank Guarantee: ₹ 54.88 lacs (Previous Year ₹51.28 lacs).
- d. Disputed Income tax ₹ 27,996.29 lacs (Previous Year : ₹ 3,421.44 lacs)
- e. Sales tax demand notice ₹ 7,123.18 lacs.
- f. Guarantees given to revenue and legal authorities ₹ 42.53 lacs (Previous Year ₹ 29.12 lacs)
- g. Disputed Interest & Penalty on Stamp Duty ₹ 12.62 lacs (Previous Year ₹12.62 lacs)



- h. Claims / Suits against the company including action u/s 433/434 of Companies Act 1956 not acknowledged as debt ₹ 2,466.37 lacs (Previous Year ₹150.18 lacs)
- i. Disputed Service tax ₹ 808.06 lacs (Previous Year ₹ 818.05 lacs). Group has replied to the show cause notice received and based on the opinion received demand is not likely to be crystallized.
- j. Non receipt of sales tax declaration forms ₹ 2,321.23 lacs (Previous Year ₹ 1,415.50 lacs)
- k. Tax demand for various years as per TRACES is ₹ 808.97 lacs (Previous Year ₹ 358.89 lacs) on account of short deduction, non deduction and interest for delayed payment. The company is in process of filing rectification and is of the view that there would be no demand.
- l. A subsidiary company had received summons from department of Customs in relation to determination of rate of custom duty in respect of import of Jewellery during Financial year 2009-10, 2010-11 and 2011-12. The quantum of duty and penalty , if any , is not determinable at this stage however the subsidiary company has paid ₹ 40.00 lacs under protest.
- m. A subsidiary company has paid ₹ 32.19 lacs as deposit against assessment order under VAT/CST for the year financial year 2009-10, 2010-11 and 2011-12 which was set aside by Hon. Madras high court for fresh assessment. Pending assessment, liability is not determinable at this stage. The subsidiary company is advised by the consultant that the subsidiary company has complied with all the provisions and there would be no tax liability.
- n. Disputed society dues of ₹ 414.81 lacs. (Previous Year ₹24.75 lacs)
- o. Disputed liability under Central Excise ₹123.82 lacs. (Previous Year Nil)
- p. In respect of the company 4 petition are filed in Honorable High Court under section 433/434 of the companies Act,1956 for recovery of dues and 2 petition are filed in case of 2 subsidiaries.
- q. Litigation and other matters :

The company and some of the group companies have filed suits for recovery, including action u/s 138 of NI Act and arbitration, of dues amounting to ₹ 2,413.17 lacs, against customers. One of the subsidiary has filed a police complaint against senior executive of the subsidiary and others, for misuse of authority and wrongful gain for which police enquiry is in progress. Till the outcome of complaint is known the impact on financial statement cannot be estimated.

Except as described above, there are no pending litigations which the company believes could reasonably be expected to have a material adverse effect on the result of Operations, cash flow or the financial position of the Company.

#### **NOTE 35 : Capital Commitments**

Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances given) ₹ 65.48 lacs (Previous Year ₹ 655.74 lacs)

One of the subsidiary of the company entered into agreement with promoters of SBL Industries Ltd. to acquire controlling stake in SBL Industries Limited. This includes equity & preference capital . The process of acquisition is under implementation and under court proceedings through official liquidator for settlement of dues of creditors, workers etc. The subsidiary has proposed a revival scheme to the honorable high court. Under the revival scheme the company has committed for infusion of funds in the form of equity & secured loan guarantee amounting to

₹ 4,155 lacs. The subsidiary has incurred ₹ 1,364 lacs on the project till 31st March 2015 and the same is shown under Loans & Advances. In view of Pending settlements with various parties & acceptance of the revival scheme, the capital commitment cannot be estimated with any accuracy. Further till the revival scheme is approved and shares are transferred the amount spent is included under long term loans & advances.

**NOTE 36 : Earnings Per Share**

**a. Basic Earnings per Share (After Tax Provision)**

Particulars	2015	2014
Net profit for the period attributable to Equity Shareholders (₹ in lacs)	9,549.71	3,352.20
Weighted average number of Equity Shares outstanding as at March 31, (Nos.)	9,70,42,170	9,20,65,491
Basic earnings per share (Face value of ₹ 10 each) (₹)	9.84	3.64

**b. Diluted Earnings Per Share (After Tax Provision)**

Particulars	2015	2014
Net profit for the period attributable to Equity shareholders (₹ In lacs)	9,549.71	3,352.20
Weighted average number of Equity Shares outstanding (Nos.)	9,81,70,527	9,85,76,342
Diluted earnings per share (Face value of ₹10 each) (₹)	9.73	3.40

**NOTE 37 : Deferred Tax Assets and Liabilities as at March 31,**

(₹ in Lacs)

Particulars	2015	2014
<b>Deferred Tax Liability</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	246.18	175.03
<b>Gross Deferred Tax Liability</b>	246.18	175.03
<b>Deferred Tax Asset</b>		
Provision for Retirement Benefits / Doubtful Debts	171.28	112.40
Disallowance under Section 43B of I. T. Act	-	89.62
Unabsorbed Business Losses/Depreciation	267.80	1,718.99
Provision for leave Salary/Gratuity	62.64	27.36
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	1,943.78	63.78
Others	-	106.32
<b>Gross Deferred Tax Asset</b>	2,445.50	2,118.47
<b>Net Deferred tax Asset/(Liability)</b>	2,199.32	1,943.44

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

**NOTE 38: Segment Reporting**

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

**NOTE 39: Related Party Disclosure**

Refer to Annexure II

**NOTE 40: Employee Benefits**

The company has followed Accounting Standard-15 Employee Benefits, notified under the Companies (Accounting Standard) Rules, 2006. Wherever applicable, the company and its subsidiaries accounted for the liability for gratuity benefits payable in future based on independent actuarial valuation. The liability is not funded. The disclosure based on AS 15 is not reproduced for sake of brevity.

**NOTE 41: Disclosure of Foreign Currency Exposures**

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

PARTICULARS	2015	2014
	USD (Mio)	USD (Mio)
Debtors – covered by Forward Contract	41.78	127.73
Debtors – uncovered	1,115.68	1,108.12
Creditors – covered by Forward Contract	-	-
Creditors – uncovered	364.90	230.40
ECB – uncovered	99.35	104.42
Advance from customers	0.00	2.03
Bank Facility – uncovered	363.02	121.14

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

**NOTE 42: Lease Disclosure**

- a. The Company has taken various office premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits under certain agreements.
- b. Lease payments are recognized in the Statement of profit & loss under the head 'Rent'
- c. The future minimum lease payments as at March 31, 2015 are as follows:
  - i. Not later than one year ₹ 9,510.87 lacs (Previous Year ₹ 10,211.86 lacs)
  - ii. Later than one year and not later than five years ₹ 8,116.30 lacs (Previous Year ₹ 25,619.04 lacs)
  - iii. More than five years ₹ 6,104.36 lacs (Previous Year ₹ 9,387.61 lacs)

- d. The future minimum lease receivables as at March 31, 2015 are as follows:
- i. Not later than one year ₹ 268.23 lacs (Previous Year ₹268.23 lacs)
  - ii. Later than one year and not later than five years ₹ Nil lacs (Previous Year ₹ Nil lacs)
  - iii. More than five years ₹ Nil lacs (Previous Year ₹ Nil lacs)

**NOTE 43: Loans & Advances**

Loans and advances (other than group companies) of ₹ 1,862.54 lacs were write off during the year as the same was considered irrecoverable.

**NOTE 44: Investor Education And Protection Fund**

There has been no delay in transferring amounts required to be transferred to Investor Education and Protection Fund by the company. There are no amounts required to be transferred to Investor Education and Protection Fund by the subsidiaries and associate.

**NOTE 45: Exceptional Items**

Exceptional item of ₹ 69.75 lacs (Previous Year ₹ 73.47 lacs) in the statement of Profit & loss is mainly on account of Loss on sale of fixed asset and investments (Net).

**NOTE 46:**

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

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

For and on behalf of the Board

**A. D. Shenoy**  
**Membership No. 11549**  
Partner  
Place : Mumbai  
Dated : May 29, 2015

**Mehul C. Choksi**  
Managing Director

**Dhanesh Sheth**  
Director

**Pankhuri Warange**  
Company Secretary

**Chandrakant Karkare**  
Chief Financial Officer

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

	(₹ in Lacs)	
	2015	2014
<b>A Primary Segment (By Business Segment)</b>		
1 Segment Revenue		
a) Segment - Diamond	422,621.54	719,157.92
b) Segment - Jewellery	786,072.10	652,043.27
c) Segment - Others	2,771.11	7,363.33
<b>Total</b>	<b>1,211,464.75</b>	1,378,564.52
Less: Inter Segment Revenue	63,358.59	134,964.49
<b>Net Sales</b>	<b>1,148,106.16</b>	1,243,600.03
2 Segment Results		
Profit / (Loss ) before tax and interest from each segment		
a) Segment - Diamond	10,803.63	34,668.58
b) Segment - Jewellery	96,049.29	44,769.79
c) Segment - Others	(619.27)	(2,111.48)
<b>Total</b>	<b>106,233.65</b>	77,326.89
Less:- Finance cost	90,416.25	73,631.45
<b>Total Profit Before Exceptional items &amp; tax</b>	<b>15,817.40</b>	3,695.44
3 Capital Employed		
a) Segment - Diamond	145,894.43	156,835.98
b) Segment - Jewellery	257,137.05	228,642.04
c) Unallocated net assets	12,880.65	8,941.50
<b>Total</b>	<b>415,912.13</b>	394,419.52
<b>B Secondary Segment (By Geographical Segment)</b>		
Segment Revenue		
India	537,433.78	510,548.89
Rest of the world	610,672.38	733,051.14
<b>Total Revenue</b>	<b>1,148,106.16</b>	1,243,600.03

**Annexure II - Related Party Disclosure Statement****Related Party & their Relationship****1 Subsidiary Companies (Direct / Indirect)**

Abbeycrest (Thailand)Ltd

Asmi Jewellery India Ltd.

Crown Aim Ltd.

D'Damas Jewellery (India) Pvt Ltd.

Decent Investment & Finance Pvt. Ltd.

Decent Securities & Finance Pvt. Ltd.

Diamlink INC

Diamlink Jewelry Inc.

Eureka Finstock Pvt Ltd.

GGL Diamond LLC

Giantti Jewellery (Shanghai) Co., Ltd.

Gili India Ltd.

Gitanjali Brands Ltd.

Gitanjali Exports Corporation Ltd.

Gitanjali Infratech Limited

Gitanjali Jewellery Retail Ltd. (Formerly known as Gitanjali Jewellery Retail Private Limited)

Gitanjali Lifestyle Ltd.

Gitanjali USA Inc.

Gitanjali Ventures DMCC

Hyderabad Gems SEZ Ltd.

Jewelry Marketing Company LLC

Leading Italian Jewels SRL

Leading Jewels of Japan K.K.

LJOW Holdings LLC

Maya Retail Ltd.

MMTC Gitanjali Ltd.

MobileNxt Teleservices Pvt. Ltd.

N & J Finstocks Pvt. Ltd.

Nakshatra Brands Limited (Formerly Known as Brightest Circle Jewellery Ltd.)

Nashik Multi Services SEZ Ltd.

Samuels Jewelers Inc.

Spectrum Jewellery Ltd.

Tian Xin Diamonds (Shanghai) Co., Ltd.

Tri-star Worldwide LLC

**2 Key Management Personnel**

Chandrakant Karkare  
Mehul C. Choksi  
Pankhuri Warange

**3 Enterprises under Common Control of Key Management Personnel**

Coronet Gems Pvt.Ltd. (Maitreyi Impex Pvt.Ltd.)  
Gitanjali Capital Pvt.Ltd.  
Gitanjali Gold & Precious LLP  
Gitanjali Impex Pvt.Ltd.  
Lustre Industries Pvt.Ltd.  
Mannat Jewellery Mfg. Pvt.Ltd.  
Mast Jewellery Distributors Pvt. LTd.  
Mozart Trading Pvt.Ltd. (Formerly known as Mozart Investment Pvt. Ltd.)  
Priyanka Gems Pvt.Ltd.  
Rohan Diamond Pvt. Ltd.  
Shubhalavanyaa Jewel Crafts Pvt. Ltd.

**4 Relative of Key Management Personnel**

Amita R. Bhansali  
Maitreyi Choksi  
Neena D. Sheth  
Rohan Choksi

**5 Enterprises Controlled by Relatives of Key Management Personnel**

Diminco N.V.

**6 Enterprises Controlled by the Investing Venturer of the Subsidiary Company**

Damas Jewellery LLC  
MMTC Limited

**1. Relationship:- Subsidiary companies**

<b>Transaction with the Company</b>	<b>₹ in lacs</b>
Corporate Guarantees given to the bankers for Letter of Credit facility	374,643.00

**2. Relationship:- Key management personnel**

<b>Transaction with the Company</b>	<b>₹ in lacs</b>
Amount Outstanding Shown under loans & Advances from Related Parties	7,940.01
Loan Given	1,000.00
Loan Received	13,174.14
Managerial Remuneration	48.00
Salary & other Payments	65.40
Salary Reversal	24.00
Sale of Investments	300.00
Sales	12.19
Loan Received Given Back	4,213.50

**3. Relationship:- Enterprises under common control of key management personnel**

<b>Transaction with the Company</b>	<b>₹ in lacs</b>
Advance towards Share Capital	84.35
Amount Outstanding Shown under Advances from Customers	808.28
Amount Outstanding Shown under Advances to Suppliers	514.87
Amount Outstanding shown under Loans Advances to Related Party	8.62
Amount Outstanding Shown Under Trade Payable	0.69
Loan Given	0.25
Loan Received Given Back	5,042.70
Loan Given Received Back	33.06
Expenses Incurred	0.96

**4. Relationship:- Relatives of key management personnel**

<b>Transaction with the Company</b>	<b>₹ in lacs</b>
Amount Outstanding Shown Under Trade Payable	88.95
Sales	13.94

**5. Relationship:- Enterprises controlled by relatives of key management personnel**

<b>Transaction with the Company</b>	<b>₹ in lacs</b>
Amount Outstanding Shown Under Trade Payable	4,695.07
Amount Outstanding Shown Under Trade Receivable	1,895.18

**6. Relationship:- Enterprises controlled by investing venture of the subsidiary company**

<b>Transaction with the Company</b>	<b>₹ in lacs</b>
Amount Outstanding Shown Under Trade Payable	33.87
Amount Outstanding Shown Under Trade Receivable	60.50
Sales	16.43
Expenses Incurred	953.32



**Annexure A - Form AOC 1**

**(Persuant to first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rule, 2014)**

**Statement containing salient features of the financial statements of the Subsidiaries / Joint ventures / associate companies**

**Part 'A' - Summary of Financial Information of Subsidiary****(₹ in lacs)****Companies**

Company Name	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Share Holding	Country
Gitanjali Exports Corporation Ltd.	INR	-	1,725.00	55,220.62	194,310.79	194,310.79	548.59	229,759.15	202.95	(11.97)	214.91	0.00	100%	India
Gitanjali Infratech Ltd.	INR	-	5,000.00	(444.20)	23,335.87	23,335.87	5.00	0.00	(29.68)	(0.42)	(29.26)	0.00	100%	India
Hyderabad Gems SEZ Ltd.	INR	-	5.00	(431.25)	8,728.78	8,728.78	0.00	268.83	(190.78)	0.00	(190.78)	0.00	100%	India
Nashik Multi Services SEZ Ltd.	INR	-	5.00	(21.07)	810.03	810.03	0.00	0.00	(8.82)	0.00	(8.82)	0.00	100%	India
Decent Securities & Finance Pvt. Ltd.	INR	-	5.00	(101.17)	825.57	825.57	823.30	0.00	(13.36)	1.30	(14.66)	0.00	100%	India
Decent Investment & Finance Pvt. Ltd.	INR	-	200.00	(120.63)	405.64	405.64	400.13	0.00	(168.40)	0.00	(168.40)	0.00	100%	India
Eureka Finstock Pvt. Ltd.	INR	-	5.00	(373.17)	725.52	725.52	725.32	0.00	(218.69)	1.30	(219.99)	0.00	100%	India
N & J Finstocks Pvt. Ltd.	INR	-	5.00	(277.19)	1,754.98	1,754.98	1,753.31	0.00	(205.20)	1.30	(206.50)	0.00	100%	India
Gitanjali Brands Ltd.	INR	-	874.55	30,624.82	105,282.72	105,282.72	18,191.50	134,719.45	248.25	(36.74)	284.99	0.00	99.99%	India
Nakshatra Brands Limited	INR	-	275.00	16,556.15	107,277.31	107,277.31	0.30	147,611.19	633.81	(48.49)	682.30	0.00	100%	India
Gili India Ltd.	INR	-	660.00	19,389.61	124,926.53	124,926.53	0.35	148,186.27	507.44	64.66	442.78	0.00	100%	India
Asmi Jewellery India Ltd.	INR	-	85.00	12,861.58	114,326.07	114,326.07	0.00	122,603.64	126.17	(21.55)	147.72	0.00	100%	India
D'Damas Jewellery (India) Pvt. Ltd.	INR	-	2,507.84	1,048.16	25,041.32	25,041.32	84.35	33,609.24	73.18	(24.52)	97.71	0.00	51%	India
Spectrum Jewellery Ltd.	INR	-	5.00	137.88	5,078.02	5,078.02	0.00	5,380.82	(33.03)	0.00	(33.03)	0.00	99.60%	India
Gitanjali Lifestyle Ltd.	INR	-	2,500.00	(3,663.02)	24,806.01	24,806.01	0.00	23,997.12	(764.24)	0.00	(764.24)	0.00	100%	India
Maya Retail Ltd.	INR	-	2,406.93	(5,798.44)	25,141.24	25,141.24	0.00	36,020.35	(291.85)	0.00	(291.85)	0.00	95.94%	India
Mobile NXT Teleservices Pvt. Ltd.	INR	-	330.75	(285.84)	464.16	464.16	0.35	0.00	(0.52)	0.00	(0.52)	0.00	70%	India
Gitanjali Jewellery Retail Ltd.	INR	-	100.00	(2,266.80)	54,428.33	54,428.33	2.28	61,726.03	(1,072.27)	(28.34)	(1,043.93)	0.00	100%	India
MMTC Gitanjali Ltd.	INR	-	1,149.00	(205.83)	2,177.72	2,177.72	0.00	1,119.59	(124.44)	(27.45)	(96.99)	0.00	73.85%	India
Aston Luxury Group Ltd.	USD	62.23	18,089.86	7,648.12	41,761.58	41,761.58	3,246.35	0.00	8,021.59	0.00	8,021.59	0.00	100%	Hongkong
Crown Aim Ltd.	USD	62.23	3,733.50	(51.19)	86,535.23	86,535.23	0.00	57,384.47	(261.58)	37.14	(298.72)	0.00	100%	Hongkong
Samuels Jewelers, Inc.	USD	62.23	59,716.64	(21,577.90)	90,711.39	90,711.39	0.00	71,502.48	186.60	0.00	186.60	0.00	100%	U.S.A
Gitanjali USA, Inc.	USD	62.23	14,826.59	203.81	18,245.23	18,245.23	0.00	0.00	14.15	0.00	14.15	0.00	100%	U.S.A
Diamlink & Subsidiaries*	USD	62.23	11,588.06	1,349.77	57,384.10	57,384.10	0.00	47,842.21	(1,710.79)	(0.15)	(1,710.64)	0.00	51%	U.S.A
Tri-star Worldwide LLC	USD	62.23	992.33	(586.74)	2,311.47	2,311.47	0.00	14,329.65	9.95	0.00	9.95	0.00	100%	U.S.A
GGL Diamond LLC	USD	62.23	2,053.43	100.13	6,934.01	6,934.01	0.00	9,810.81	25.74	0.00	25.74	0.00	100%	U.S.A
Gitanjali Ventures DMCC	USD	62.23	15,279.04	78,655.91	165,875.00	165,875.00	15,678.67	138,363.75	9,583.73	0.00	9,583.73	0.00	100%	U.A.E
Leading Italian Jewels SRL	EUR	66.90	5,191.05	(2,470.51)	7,441.54	7,441.54	0.00	1,297.25	(959.99)	0.00	(959.99)	0.00	100%	Italy
Leading Jewels of Japan Kabushiki Kaisha	JPY	0.52	51.59	(864.15)	4,883.58	4,883.58	0.00	2,468.35	(896.40)	1.51	(897.91)	0.00	100%	Japan
Tian Xin Diamonds (Shanghai) Co. Ltd	RMB	10.20	168.80	69.64	5,853.96	5,853.96	0.00	1,881.10	(58.47)	0.00	(58.47)	0.00	100%	China
Giantti Jewellery (Shanghai) Co. Ltd	RMB	10.20	1,549.42	(3,703.94)	2,469.91	2,469.91	0.00	694.66	(262.31)	0.00	(262.31)	0.00	100%	China
Abbeycrest (Thailand)Ltd	THB	1.92	3,288.12	(6,009.74)	7,413.17	7,413.17	0.00	3,106.63	(1,479.53)	0.00	(1,479.53)	0.00	99.99%	Thailand

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

2) Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2015

**Name of the Subsidiaries which have been liquidated or sold during the year :**

1. Gitanjali Capital Private Limited
2. Shubalavanyaa Jewel Craft Private Limited
3. Leading Italian Jewels (Singapore) Pte. Ltd
4. Gitanjali Resources BVBA

**Part 'B' - Summary of Financial Information of Joint Ventures and Associates**

Company Name	Latest audited Balance Sheet date	Reporting Currency	No. of Shares held by the company in associate/joint venture on the year end	Amount of Investment in associate / joint venture (₹ In Lacs)	Extent of Holding (%)	Influence	Reason why the associate/joint venture is not consolidated	Net worth attributable to shareholding as per latest balance sheet (₹ In Lacs)	Share of Profit / Loss for the year	
									Considered in Consolidation (₹ In Lacs)	Not considered in Consolidation (₹ In Lacs)
eGitanjali Ltd	03/06/2014	INR	99,000.00	99.00	40%	Controls more than 20% of the total share capital	NA	(223.03)	(219.55)	0.00

**Name of the Joint Ventures and Associates which have been liquidated or sold during the year :**

1. Gitanjali Gold & Precious LLC

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

For and on behalf of the Board

**A. D. Shenoy**  
**Membership No. 11549**  
 Partner  
 Place : Mumbai  
 Dated : May 29, 2015

**Mehul C. Choksi**  
 Managing Director

**Dhanesh Sheth**  
 Director

**Pankhuri Warange**  
 Company Secretary

**Chandrakant Karkare**  
 Chief Financial Officer

# GITANJALI

## GITANJALI GEMS LIMITED

**Regd. Office:** A-1, 7th Floor, Laxmi Tower, Bandra – Kurla Complex, Bandra (E) Mumbai – 400051

CIN: L36911MH1986PLC040689

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id\*:

DP ID\*:

I / We, being the member(s) of ..... Equity Shares of Gitanjali Gems Limited, hereby appoint

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him

3. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Signature: \_\_\_\_\_

\* Applicable for investors holding shares in electronic form

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, September 30, 2015 at 9.00 A.M. at Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 and at any adjournment thereof in respect of such resolutions as are indicated below:

<b>Sr. No</b>	<b>Resolutions</b>
	<b>Ordinary Business</b>
1	Adoption of Audited Balance Sheet and Statement of Profit and loss for the year ended March 31, 2015 together with the reports of Board of Directors and Auditors thereon
2	Re-appointment of Mr. Nehal Modi as Director who retires by rotation and being eligible offers himself for re-appointment.
3	Appointment of M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, having ICAI firm registration no. 102860W as Statutory Auditors of the Company

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Affix  
revenue  
Stamp

Signature of Shareholder ..... Signature of Proxyholder .....

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at A-1, 7th Floor, Laxmi Tower, Bandra – Kurla Complex, Bandra (E) Mumbai – 400051, not less than 48 hours before the commencement of the Meeting.**



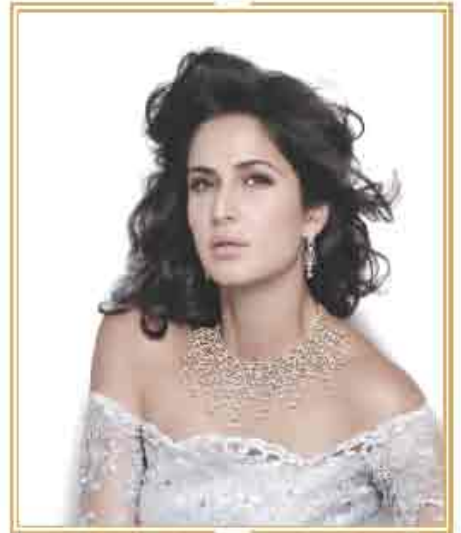
## KEY FINE JEWELLERY BRANDS



Gill was the pioneer of branded jewellery in India way back in 1994 and offered fresh, appealing and wearable diamond jewellery at attractive prices. The spiral shaped curves that define a Gill design represent growth and upward mobility. They feature a blend of Indian and western nuances embodying a trendy elegance.



The most iconic of India's diamond jewellery brands, Nakshatra draws its inspiration from the heavenly constellations, capturing imagery of power and divinity and the alluring beauty of the night skies. Designed around the traditional seven petalled diamond flower, Nakshatra is believed to shower luck on the wearer.



Asmi in Sanskrit means "I AM", and reflects the aspirations of the self-made Indian woman. The jewellery has a contemporary, delicate, and feminine look that is distinctly evocative of strength and grace and revolves around curvilinear forms that symbolize the inner fire of women. It is jewellery for self-reward for the successful woman.





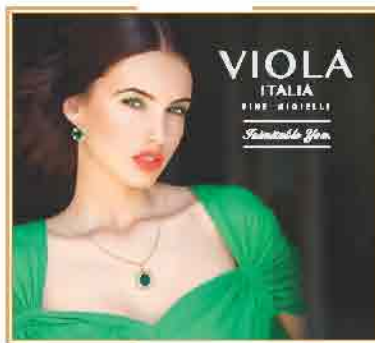
## D'damas

*Dazzle the world*

D'damas was set up in 2003 by Gitanjali Group and Damas of Middle East and has always exemplified high aspirations, exclusivity and fashion. The latest collections in diamonds and gold are crafted using state-of-the-art electroforming and stamping technology. The premium jewellery pieces have a high luxury quotient, yet are lightweight and have an impeccable finish.



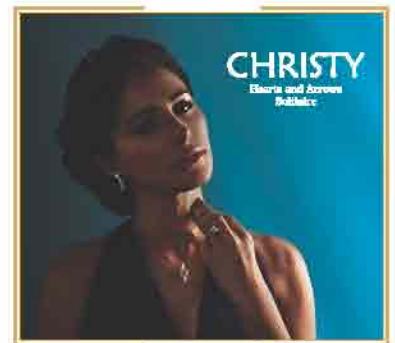
## JEWELS IN VOGUE



A stunning set of contemporary jewellery collections crafted in 925 silver and studded with a range of natural coloured gemstones. Each collection has a distinct design theme, presenting a wide range of eclectic choices.



Uniquely styled, Lucera is jewellery for the young fashionista crafted in 925 sterling silver plated in gold or rhodium using an advanced artistic process to conjure up jewellery that is strikingly different.



Jewellery crafted with sparkling hearts & arrows diamond cut CZ solitaires set in 18k gold plated sterling silver. Stunning designs that are spectacular style statements, and can be flaunted as status symbols.



## BRAND PORTFOLIO



A spectacular range of gold and rhodium plated jewellery with a high 'feel good' quotient. Donatella is a statement-making jewellery collection, with a bold, stylish and flamboyant look. Innovatively glamorous, its what every woman of style looks for today.

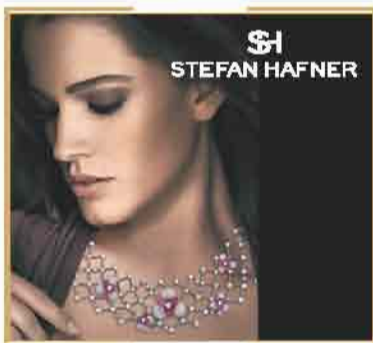


Intricately crafted gold plated jewellery that presents a traditional look. Rich in kundan and pearls, these larger than life ornaments draw inspiration from antique and temple designs, and are ideal for weddings, engagements and other auspicious events.

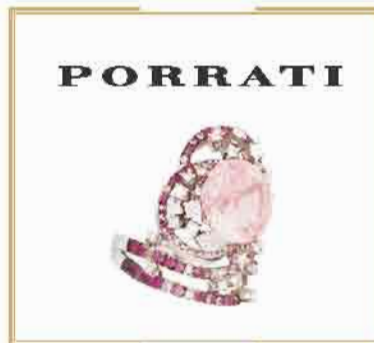


A bold, sleek, contemporary and trendsetting range in strong, durable, non-allergic metals like stainless steel and titanium, Revv's designs are for the young, confident male. Striking and smart, with a visually enthralling appeal the wide variety is in tune with evolving fashions and styles.

## INTERNATIONAL BRANDS



Fine jewellery crafted with the purest of stones and perfect technical finesse to set the passions aflame. Sophisticated elegance and timeless value come together using specially set diamonds



Fashionable creations in gold and precious stones in styles that are feminine, alluring, intriguing and seductive.



An explosion of colours, shapes, and outlines echo one's inner dreams and fantasies in playful and contemporary aesthetic creations.

If undelivered please return to:

# GITANJALI

**REGISTERED OFFICE**

A-1, 7th Floor, Laxmi Towers, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051

Tel: +91 22 40354600 / 601

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

