

GITANJALI BRANDS
LIMITED

AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED
MARCH 31, 2012

FORD, RHODES, PARKS & CO.

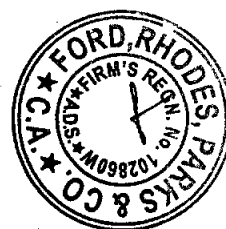
CHARTERED ACCOUNTANTS

SAI COMMERCIAL BUILDING
312/313, 3RD FLOOR
BKS DEVSHI MARG
GOVANDI (EAST)
MUMBAI-400 088

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AUDITOR'S REPORT TO THE MEMBERS OF GITANJALI BRANDS LIMITED

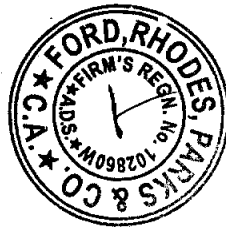
1. We have audited the attached Balance Sheet of **Gitanjali Brands Limited** as at 31st March, 2012 and the Statement of Profit and Loss of the Company for the year ended on that date annexed thereto and also the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above,
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - iii) 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 of the company.
 - iv) In our opinion the Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956



FORD, RHODES, PARKS & CO.

- v) On the basis of written representation received from the directors of the Company as on 31st March, 2012 and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) in so far as it relates to the Statement of Profit & Loss, of the profit of the Company for the year ended on that date and
 - (iii) in so far as it relates to Cash Flow statement, of the cash flows of the Company for the year ended on that date.

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



A.D. Shenoy

A.D. Shenoy
Partner
Membership No. 11549

Place: Mumbai
Date: 12th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

Re: GITANJALI BRANDS LIMITED

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of all the fixed assets.

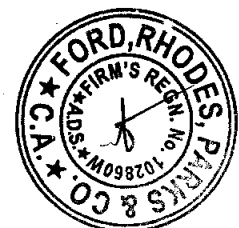
(b) The Company's policy is to carry out physical verification once in two years cycle which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. During the year the company has carried out physical verification as per the policy. No material discrepancies have been noticed on physical verification.

(c) During the year, the Company has not disposed off any substantial part of fixed assets so as to affect the going concern assumption.
2. (a) The inventories have been physically verified by the management during the year and also at the yearend except for stock lying with third parties. The company has obtained confirmation for major portion of the stock given to third parties.

(b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records for inventories. No material discrepancies were noticed on physical verification.
3. (a) As per the information and explanation given to us, the company has not granted any loans/advances to companies covered in the register maintained under section 301 of the companies Act, 1956. As there are no loans granted the clause 4 (iii) (b), (c) & (d) of the order is not applicable to the company.

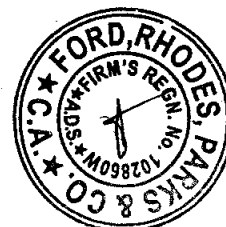
(b) The company had taken interest free unsecured loans from a company covered under section 301 of the Act and a shareholder. The number of parties are two and the amount outstanding as at 31st March 2012 are Rs.1200 million (Previous Year Rs.400 million and no. parties are two).The aforesaid unsecured loans taken by the company are interest free loans. In our opinion the terms and conditions of these loans are not prima facie prejudicial to the interests of the company. As per the information and explanations given to us, there are no stipulations as to repayment of above mentioned loans.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.



5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.

(b) In our opinion and according to the explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lakhs in respect of each party during the year have been made at prices which appear reasonable as per information available with the company, except that in respect of purchases and sales of some of the products we are informed by the company that there are no comparable market prices / alternate source of supply available.
6. The Company has not accepted any deposits from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the cost accounting records maintained by the company pursuant to the Companies (cost accounting records) Rules 2011, prescribed by the central government under Section 209 (1) (d) of the Companies Act 1956 from this year and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, customs duty, cess and other statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us by management and the records of the Company examined by us, there were no disputed dues in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, customs duty and cess.
10. The Company is registered for over 5 years and has no accumulated losses as at the end of the financial year. Also it has not incurred any cash losses in the current financial year as well as in immediate preceding financial year.
11. On the basis of information and explanation given to us by the management during the course of our audit of the company, we are of the opinion that the company has not defaulted in repayment of its dues to any financial institution or bank during the year.



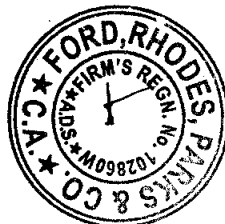
FORD, RHODES, PARKS & CO.

12. Based on our examination of the records and information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of clause 4 (xiii) of Order are not applicable as the Company is not a chit fund Company or nidhi/mutual benefit fund/society.
14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year. Hence provisions of clause 4(xiv) of the Order are not applicable.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4 (xv) of the Order are not applicable to the Company.
16. The Company has not availed any term loan from banks and financial institutions and hence clause 4 (xvi) of the order is not applicable.
17. According to the information and explanations given to us and overall examination of the Balance Sheet, we report that no funds raised on short term basis have been used for long term investments.
18. The Company has not made any preferential allotment of shares to the parties covered in the register maintained under section 301 of the Act during the year.
19. The Company has no debentures and hence the question of creation of security or charge in respect of debentures issued does not arise.
20. The Company has not raised any money by way of public issue during the year. However the Company has issued one equity share at premium and convertible warrants to a company during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have been informed of any such case by the management.

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

A.D.

A.D. Shenoy
Partner
Membership No. 11549



Place: Mumbai
Date: 12th May, 2012

GITANJALI BRANDS LIMITED

Regd. Office : 801 / 802, Prasad Chambers, Opera House, Mumbai - 400004
Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31/03/2012	As at 31/03/2011
		Rupees	Rupees
<u>EQUITY AND LIABILITIES</u>			
<u>Shareholders' funds</u>			
Share capital	1	83,500,005	83,500,000
Reserves and surplus	2	851,884,135	575,963,102
Money received against share warrants	3	40,000,000	-
		975,384,140	659,463,102
<u>Non-current liabilities</u>			
Long - term borrowings	4	1,200,209,193	400,209,193
Long - term provisions	5	2,342,666	1,670,401
		1,202,551,859	401,879,594
<u>Current liabilities</u>			
Short - term borrowings	6	253,310,093	466,402,355
Trade payables	7	4,642,564,018	1,972,360,467
Other current liabilities	8	59,002,779	21,902,966
Short - term provisions	9	7,068,584	169,232,965
		4,961,945,474	2,629,898,753
TOTAL EQUITY AND LIABILITIES		7,139,881,473	3,691,241,449
<u>ASSETS</u>			
<u>Non-current assets</u>			
<u>Fixed assets</u>			
	10		
Tangible assets		19,038,088	22,080,147
Intangible assets		308,673	-
Non - current investments	11	1,820,933,221	-
Deferred Tax Asset (Net)	12	2,430,914	3,439,634
Long - term loans and advances	13	134,126,856	94,070,052
Other non - current assets	14	3,478,708	70,608,513
		1,980,316,460	190,198,346
<u>Current assets</u>			
Inventories	15	1,828,979,301	870,060,893
Trade receivables	16	2,967,618,279	2,319,661,939
Cash and Bank balances	17	307,964,272	237,853,250
Short - term loans and advances	18	45,403,955	66,747,987
Other current assets	19	9,599,205	6,719,034
		5,159,565,012	3,501,043,103
TOTAL ASSETS		7,139,881,473	3,691,241,449

Significant Accounting Policies

Notes to Financial Statements

01 - 45

Significant Accounting Policies & Notes referred to above form an integral part of the Financial Statements

As per our annexed report of even date

For Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm Registration No. - 102860W

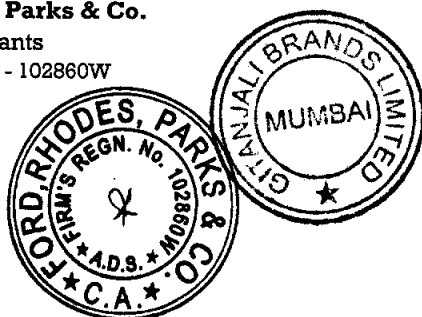
A. D. SHENOY

Partner

M. No. : 11549

Place : Mumbai

Date : 12th May, 2012



For and on behalf of the Board

Manoj Kumar Bavakad
Managing Director

Mehul C. Choksi
Director

Vijay Agarwal
Company Secretary

Place : Mumbai

Date : 12th May, 2012

GITANJALI BRANDS LIMITED

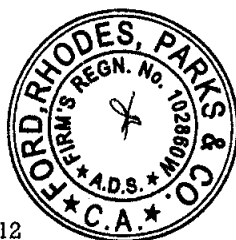
Regd. Office : 801/802, Prasad Chambers, Opera House, Mumbai - 400004
Profit and Loss Statement for the year ended 31st March, 2012

Particulars	Note No.	As at 31/03/2012	As at 31/03/2011
		Rupees	Rupees
Income :			
Revenue from operations	20	19,141,488,759	13,404,036,850
Other income	21	64,034,243	15,386,859
Total Revenue		19,205,523,002	13,419,423,709
Expenses :			
Purchase Of Raw Material & Traded Goods	22	19,469,790,370	13,129,962,179
Changes In Inventories Of Raw Material, Finished Good & Stock - In - Trade	23	(958,918,407)	(162,768,242)
Employee benefits expense	24	63,077,380	34,370,033
Finance costs	25	189,648,214	164,199,079
Depreciation and amortization expense		7,219,697	8,184,363
Other expenses	26	86,271,142	86,137,771
Total expenses		18,857,088,396	13,260,085,183
Profit before exceptional and extraordinary items and tax		348,434,606	159,338,526
Exceptional items		-	180,670,945
Profit before tax		348,434,606	340,009,471
Tax expense :			
Less : Current tax		71,507,128	120,044,375
Less : Deferred tax		1,008,720	(723,206)
Profit for the year		275,918,758	220,688,302
Earnings per equity share before Exceptional Item :			
(1) Basic		16.52	24.03
(2) Diluted		16.48	24.03
Earnings per equity share after Exceptional Item :			
(1) Basic		16.52	13.21
(2) Diluted		16.48	13.21
Significant Accounting Policies Notes to Financial Statements Significant Accounting Policies & Notes referred to above form an integral part of the Financial Statements			

01 - 45

As per our annexed report of even date
For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No. - 102860W

A. D. SHENOY
Partner
M. No. : 11549
Place : Mumbai
Date : 12th May, 2012



For and on behalf of the Board

Manoj Kumar Bavakad
Managing Director

Mehul C. Choksi
Director

Vijay Agarwal
Company Secretary

Place : Mumbai
Date : 12th May, 2012

GITANJALI BRANDS LIMITED

Regd. Office : 801/802, Prasad Chambers, Opera House, Mumbai - 400004

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars		As at 31/03/2012	As at 31/03/2011
	Rupees	Rupees	Rupees
<u>CASH FLOW FROM OPERATING ACTIVITIES :</u>			
Net profit before tax		348,434,606	340,009,471
<u>Adjustment for :</u>			
Provision for Gratuity for the year	1,419,365		237,173
Bad Debts written off / (Written back)	(7,548,508)		-
Exchange (Gain) / Loss	(12,676,229)		1,047,141
Depreciation	7,219,697		8,184,363
	(11,585,675)		9,468,678
<u>Changes in Assets & Liabilities :</u>			
(Increase)/Decrease in Inventories	(958,918,409)		(343,439,190)
(Increase)/Decrease in Trade Receivables	(623,297,507)		(633,745,084)
(Increase)/Decrease in Long Term & Short Term Loans & Advances	(73,819,770)		(52,766,471)
Increase/(Decrease) in Trade Payables & Current Liabilities	2,702,869,269		899,645,565
	1,046,833,583		(130,305,180)
Less : Income Tax Paid	(115,061,973)		(14,890,592)
		920,185,934	(135,727,096)
<u>CASH FLOW FROM INVESTING ACTIVITIES :</u>			
Purchase & Sale of Fixed Assets (Net)	(4,486,312)		(5,615,449)
Investment in Fixed Deposits	(68,809,675)		(202,007,506)
Investment in Shares	(1,820,933,221)		300,000
		(1,894,229,208)	(207,322,955)
<u>CASH FLOW FROM FINANCING ACTIVITIES :</u>			
Issue of Share Capital	5		-
Share Premium received	2,271		-
Issue of Share Warrants	40,000,000		-
Proceeds of Unsecured Loans	800,000,000		(77,000,000)
Proceeds of Secured Loans	(213,092,262)		2,767,301
		626,910,014	(74,232,699)
Net increase/(decrease) in cash and cash equivalents		1,301,347	(77,273,279)
Cash and cash equivalents at the beginning of the year		35,845,744	113,119,023
Cash and cash equivalents at the end of the year		37,147,091	35,845,744
<u>Components of Cash and Cash equivalents at the year end</u>			
Balance with Banks			
In Currents Account	36,965,467		35,759,831
		36,965,467	35,759,831
Cash on Hand		181,624	85,913
		37,147,091	35,845,744

Notes :

- 1) The above CFS has been prepared under Indirect Method as set in the Accounting Standard on Cash Flow Statement (AS - 3) issued by Companies (Accounting Standard) Rule 2006
- 2) The amount in the brackets indicates outflows
- 3) Cash and Cash equivalents for the purpose of Cash Flow Statements comprise of Cash at Bank and in hand and Short Term Investments with an Original Maturity of three months or less.
- 4) Previous Year figures are regrouped where ever necessary

As per our report of even date.

For Ford, Rhodes, Parks & Co.

Chartered Accountants

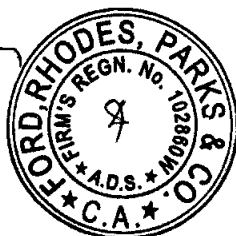
Firm Registration No. - 102860W

A. D. SHENOY
Partner

M. No. : 11549

Place : Mumbai

Date : 12th May, 2012



For and on behalf of the Board

Manoj Kumar Bavakad
Managing Director

Mehul C. Choksi
Director

Vijay Agarwal
Company Secretary

Place : Mumbai

Date : 12th May, 2012

GITANJALI BRANDS LIMITED

Regd. Office : 801 / 802, Prasad Chambers, Opera House, Mumbai 400 004.

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE**1 Registration Details**Registration No. : **U011MH1995PLC095425**State Code : **1 1**

(Rupees In Thousand)

2 Capital raised during the year

Bonus issue

NIL

Right issue

NIL

Public issue

NIL

Private Placement

NIL

3 Position of mobilisation and deployment of funds

Total liabilities

2,428,903

Total Assets

2,428,903

Sources of Funds

Paid up Capital

123,500

Reserves & Surplus

881,884

Deferred Tax Liability

-

Unsecured loans

1,200,209

Secured Loans

283,310

Advance Towards Share Capital

-

Application of Funds

Net fixed assets

19,347

Investments

1,820,933

Net current assets

586,193

Advances

-

Deferred Tax assets

2,431

4 Performance of the Company

Turnover Incl. other income

19,205,523

Total Expenditure

18,857,088

Ner Profit before Tax (+ / -)

348,435

Ner Profit after Tax (+ / -)

275,919

Rs.

Earnings per equity share before Exceptional Item :

Earning per share (Basic) (In Rs.)

16.52

Dividend Rate %

-

Earning per share (Diluted)

16.48

Earnings per equity share after Exceptional Item :

Earning per share (Basic) (In Rs.)

16.52

Earning per share (Diluted)

16.48

5 Generic names of Principal Products of Company

Item Code No. (ITC Code)

710812 00

711319 10

Product Description

Gold

Gold Jewellery

For Ford, Rhodes, Parks & Co.

Chartered Accountants

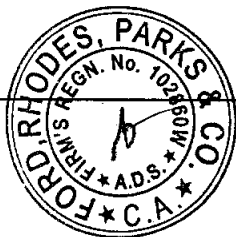
Firm Reg.No.102860W

A.D.Shenoy

Partner

Place : Mumbai

Date : 12th May, 2012



For and on behalf of the Board

Manoj Kumar Bavakad

Managing Director

Place : Mumbai

Date : 12th May, 2012

Mehul C. Choksi

Director

Vijay Agarwal

Company Secretary

GITANJALI BRANDS LIMITED

Regd. Office : 801 / 802, Prasad Chambers, Opera House, Mumbai - 400004

SIGNIFICANT ACCOUNTING POLICIES & CORPORATE INFORMATION FOR THE YEAR ENDED 31st March, 2012

CORPORATE INFORMATION

The company is engaged in Manufacturing and Trading of gold jewellery and Diamond studded jewellery. The Company's manufacturing activities are located in Special Economic Zone at Hyderabad.

The Company is a public limited company and is wholly owned subsidiary of Gitanjali Gems Limited. As a part of undergoing restructuring exercise in the Gitanjali Group, during the year, the holding company has transferred to the company, its entire Investment in six subsidiaries which are engaged in similar line of business.

1 Significant Accounting Policies :

1.1 Accounting Concepts

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

1.2 Presentation & Disclosure of Financial Statements

For the year ended 31st March, 2012 Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures to confirm to current year's classification.

1.3 Use of estimates

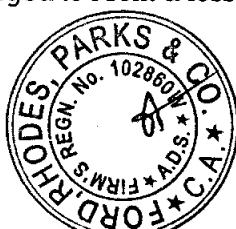
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets, liabilities and the disclosure of Contingent Assets on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference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

1.4 Revenue Recognition

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

1.5 Fixed Assets

- a) Fixed assets are recorded at cost of acquisition inclusive of freight, duties and taxes and incidental expenses related to acquisition, except for the Fixed Assets which are related to the production of the goods in which case input credit is availed on the taxes. Expenditure incurred during construction period has been added to the cost of assets.
- b) The Company has policy to carry out physical verification of Fixed Assets every alternate year and discrepancies on physical verification are charged to Profit & loss Account.



1.6 Leased Assets

- a) 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".
- b) 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.
- c) The cost of improvements to lease properties are capitalized and disclosed appropriately.

1.7 Impairment of Fixed Assets

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

1.8 Depreciation / Amortisation

Depreciation is charged on the fixed assets under the written down value method in accordance with the provisions of Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis with reference to the date of addition / deletion. The expenditure incurred on improvement of assets acquired on lease is written off evenly over the balance period of the lease.

1.9 Investments

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

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

1.11 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 balance sheet and resultant gains / losses are charged to the profit and loss account.

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.

Pursuant to the adoption of Companies (Accounting Standard) Rules, 2006, with effect from April 1, 2007, exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the Profit and Loss account.

1.12 Inventories

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

Raw Material

Rough Diamond Rejections

Trading Goods

Finished Goods - Polished Diamonds

Finished Goods - Jewellery

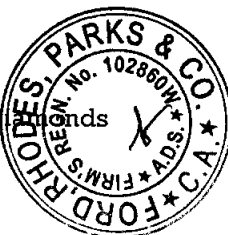
At cost

At net realisable value

Lower of cost or net realisable value

Lower of cost or net realisable value

Lower of cost or net realisable value



1.13 Taxation

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. The Company is eligible for tax incentives under the Indian Taxation Laws. These incentives presently includes an exemption from payment of Income Tax for operation in Special Economic Zones. The management estimates the provisions for current tax after considering such tax benefits.

Deferred tax is recognised, subject to prudence, on timing differences, being 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 recognised for unabsorbed depreciation and gratuity to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realised.

Minimum Alternate Tax (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 recognised 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.

1.14 Employee Benefits

Short Term Employee Benefits and contribution to defined contribution plans in the form of Provident Fund and Family Pension Fund are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

Retirement benefits in the form of Gratuity which is defined benefit plan and long term employee benefit in the form of leave encashment, are determined and accrued on the basis of an independent actuarial valuation applying the projected unit credit method. Actuarial Gain or Losses comprise experience adjustments and effect of changes in actuarial assumptions and are recognised in statement of Profit and Loss of the year.

1.15 Earning Per Share

Earning Per Share (EPS) is calculated by dividing the Net Profit After Tax 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 After Tax for the period attributable to Equity Shareholders, by 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 as of the beginning of the period, unless issued at a later date.

1.16 Contingent Liabilities

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.

As per our annexed report of even date.

For Ford, Rhodes, Parks & Co.

For and on behalf of the Board

Chartered Accountants

Firm Registration No. - 102860W

A. D. SHENOY

Partner

Membership No. 11548

Place : Mumbai

Dated : 12th May, 2012

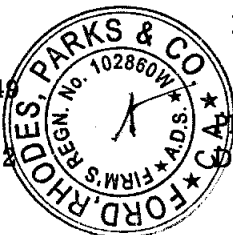
Manoj Kumar Bavakad
Managing Director

Place : Mumbai

Dated : 12th May, 2012

Mehul C. Choksi
Director

Vijay Agarwal
Company Secretary



GITANJALI BRANDS LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

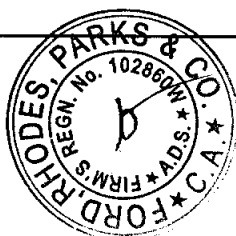
NOTE "1"	31st March, 2012	31st March, 2011
	Rupees	Rupees
SHARE CAPITAL:		
Authorised:		
180,00,000 Equity Shares of Rs.5/- each	90,000,000	90,000,000
	90,000,000	90,000,000
Issued, Subscribed & Paid Up:		
167,00,001 Equity Shares of Rs.5/- each fully Paid up	83,500,005	83,500,000
[167,00,000 Shares held by Gitanjali Gems Limited & 1 held by BCCL (P.Y. 167,00,000 Shares held by Gitanjali Gems Limited)]		
(Refer to Note No.27)		
	83,500,005	83,500,000

NOTE "2"	31st March, 2012	31st March, 2011
	Rupees	Rupees
RESERVES & SURPLUS:		
i) Share Premium		
Balance as per last Financial Statement	217,750,000	217,750,000
Add : Securities premium credited on Share issue	2,271	-
Closing Balance	217,752,271	217,750,000
ii) Surplus in the statement of Profit & Loss		
Balance as per last Financial Statement	358,213,106	137,524,797
Add : Current Year Profit	275,918,758	220,688,305
Closing Balance	634,131,864	358,213,102
	851,884,135	575,963,102

NOTE "3"	31st March, 2012	31st March, 2011
	Rupees	Rupees
MONEY RECEIVED AGAINST WARRANTS		
Warrants	40,000,000	-
(Refer to Note No. 28)		
	40,000,000	-

NOTE "4"	31st March, 2012	31st March, 2011
	Rupees	Rupees
LONG TERM BORROWINGS:		
UNSECURED LOAN:		
From Director	209,193	209,193
From Holding Company	1,200,000,000	400,000,000
Loans from Holding Company and Director are Interest Free and there are no stipulations as to repayments of the said Loan.		
	1,200,209,193	400,209,193

NOTE "5"	31st March, 2012	31st March, 2011
	Rupees	Rupees
LONG TERM PROVISIONS		
Provision for Fringe Benefit Tax	-	724,473
Provision for Employee benefits	2,342,666	945,928
(Refer to Note No.29)		
	2,342,666	1,670,401



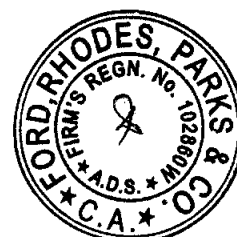
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

NOTE "6"	31st March, 2012	31st March, 2011
	Rupees	Rupees
SHORT TERM BORROWINGS:		
SECURED LOAN		
From Banks:		
Cash Credit	253,310,093	466,402,355
(Refer to Note No.32)		
	253,310,093	466,402,355

NOTE "7"	31st March, 2012	31st March, 2011
	Rupees	Rupees
TRADE PAYABLES		
For Goods - Import	77,429,015	65,530,123
For Goods - Domestic	4,541,750,927	1,895,653,687
For Labour	6,973,557	2,138,737
For Expenses	16,410,519	9,037,920
	4,642,564,018	1,972,360,467

NOTE "8"	31st March, 2012	31st March, 2011
	Rupees	Rupees
OTHER CURRENT LIABILITIES		
For Statutory Liabilities	1,510,128	9,333,580
Advance received from customers	33,968,287	5,376,738
Other Payables	3,992,023	728,366
Provision for Expenses	19,532,342	6,464,282
	59,002,780	21,902,966

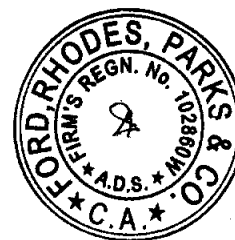
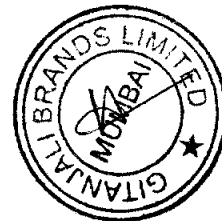
NOTE "9"	31st March, 2012	31st March, 2011
	Rupees	Rupees
SHORT TERM PROVISIONS		
Provision for Taxation	7,045,957	169,232,965
Provision for Retirement Benefits	22,627	-
(Refer to Note No.29)		
	7,068,584	169,232,965



GITANJALI BRANDS LIMITED
SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT : 31ST MARCH, 2012

NOTE - 10

	Fixed Assets	Gross Block				Accumulated Depreciation			Net Block	
		Balance as at 1 April 2011	Additions	(Disposals)	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	On disposals	Balance as at 31 March 2012	Balance as at 31 March 2011
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	Tangible Assets									
	Plant and Equipment	20,419,895	176,000	-	20,595,895	6,861,567	1,914,875	-	11,819,453	13,558,328
	Furniture and Fixtures	11,615,294	70,268	(400,550)	11,285,012	5,727,790	1,016,813	(48,455)	4,588,864	5,887,504
	Vehicles	1,203,195	-	-	1,203,195	542,578	171,502	-	489,115	660,617
	Office equipment	1,438,016	412,088	(51,270)	1,798,834	332,531	220,158	(3,558)	1,249,703	1,105,485
	Weighing Scale	171,625	-	-	171,625	47,199	17,355	-	107,071	124,426
	Computer	2,512,138	421,466	-	2,933,604	1,792,432	403,043	-	738,129	719,707
	Moulds & Masters	4,448,879	3,351,687	-	7,800,566	4,448,879	3,351,687	-	-	-
	Air Conditioneer	32,500	29,000	-	61,500	8,421	7,327	-	45,752	24,079
	Total	41,841,542	4,460,509	(451,820)	45,850,231	19,761,398	7,102,760	(52,013)	19,038,087	22,080,147
b	Intangible Assets									
	Computer software	-	425,610	-	425,610	-	116,937	-	308,673	-
	Total	-	425,610	-	425,610	-	116,937	-	308,673	-
	Grand Total	41,841,542	4,886,119	(451,820)	46,275,841	19,761,398	7,219,697	(52,013)	19,346,760	22,080,147
	Previous Year	36,226,095	5,615,448	-	41,841,543	11,577,034	8,184,363	-	22,080,147	



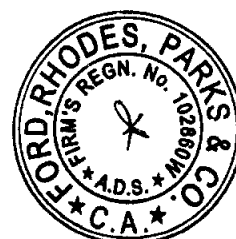
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

NOTE "11"	31st March, 2012	31st March, 2011
	Rupees	Rupees
NON - CURRENT INVESTMENTS		
UNQUOTED EQUITY SHARES IN SUBSIDIARY COMPANIES :		
8,50,000 Equity Shares of Face Value of Rs.10/- each fully paid up of Asmi Jewellery India Limited (100 % Stake)	374,500,000	-
27,50,000 Equity Shares of Face Value of Rs.10/- each fully paid up of Brightest Circle Jewellery Ltd. (100 % Stake)	523,481,067	-
26,02,050 Equity Shares of Face Value of Rs.10/- each fully paid up of D'damas Jewellery India Pvt Ltd (51 % Stake)	40,747,332	-
66,00,000 Equity Shares of Face Value of Rs.10/- each fully paid up of Gili India Ltd. (100 % Stake)	880,000,000	-
2,550 Equity Shares of Face Value of Rs.100/- each fully paid up of Shubhlavanya Jewel Craft Pvt. Ltd. (51 % Stake)	1,782,722	-
49800 Equity Shares of Face Value of Rs.10/- each fully paid up of Spectrum Jewellery Limited (99.60 % Stake)	419,600	-
UNQUOTED EQUITY SHARES IN CO - OPERATIVE BANK :		
100 Equity Shares of Face Value of Rs.25/- each fully paid up of The Shamrao Vitthal Co-Op Bank Ltd.	2,500	-
	1,820,933,221	-

NOTE "12"	DEFERRED TAX ASSET/(LIABILITY) As at 31st March, 12 Rupees	NET (CHARGE)/ CREDIT FOR THE CURRENT YEAR Rupees	DEFERRED TAX ASSET/(LIABILITY) As at 31st March, 11 Rupees
DEFERRED TAX ASSET			
On account of Depreciation differential	1,663,495	(2,090,353)	3,753,848
On account of Employee benefit provision	767,419	1,081,633	(314,214)
	2,430,914	(1,008,720)	3,439,634

NOTE "13"	31st March, 2012	31st March, 2011
	Rupees	Rupees
LONG TERM LOANS & ADVANCES		
UNSECURED, CONSIDERED GOOD		
Security Deposits	45,069,891	4,704,699
Advance to a Related Parties	27,267,601	62,097,752
Advance to Other	61,789,364	27,267,601
(Refer to Note No.30)		
	134,126,856	94,070,052

NOTE "14"	31st March, 2012	31st March, 2011
	Rupees	Rupees
OTHER NON - CURRENT ASSETS		
UNSECURED, CONSIDERED GOOD		
Advance Income Tax	3,478,708	56,857,995
Sales Tax Receivable - VAT	-	13,750,518
	3,478,708	70,608,513



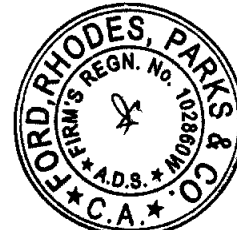
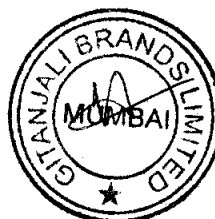
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

NOTE "15"		31st March, 2012	31st March, 2011
		Rupees	Rupees
<u>INVENTORIES</u>			
(a) Raw materials		408,442,999	359,996,987
(b) Finished goods		1,420,536,302	510,063,906
		1,828,979,301	870,060,893

NOTE "16"		31st March, 2012	31st March, 2011
		Rupees	Rupees
<u>TRADE RECEIVABLES</u>			
Sundry Debtors (Unsecured)			
Considered Good			
More than Six months			
Export	82,138,183		9,496,060
Domestic	480,876,570		1,511,290,358
Others		563,014,753	
Export	346,265,970		141,214,637
Domestic	2,058,337,557		657,660,884
		2,404,603,527	
		2,967,618,280	2,319,661,939
		2,967,618,280	2,319,661,939

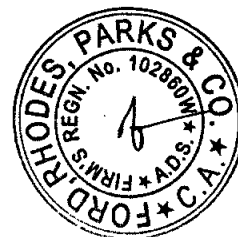
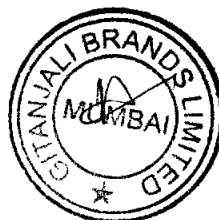
NOTE "17"		31st March, 2012	31st March, 2011
		Rupees	Rupees
<u>CASH & BANK BALANCES</u>			
<u>CASH & CASH EQUIVALENT</u>			
Cash on Hand		181,624	85,913
Balance with Banks:			
In Current Account		36,376,541	30,256,184
In Margin Account		588,926	5,503,647
		37,147,091	35,845,744
<u>OTHER BALANCES</u>			
In Fixed Deposit with original maturity over 3 months		270,817,181	202,007,506
		270,817,181	202,007,506
		307,964,272	237,853,250

NOTE "18"		31st March, 2012	31st March, 2011
		Rupees	Rupees
<u>SHORT TERM LOANS & ADVANCES</u>			
Advance Income Tax		754,413	66,731,762
Sales Tax Receivable - VAT		43,698,680	-
Prepaid Expenses		950,863	16,225
(Refer to Note No.30)			
		45,403,955	66,747,987



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

NOTE "19"	31st March, 2012	31st March, 2011
	Rupees	Rupees
OTHER CURRENT ASSETS		
Advances to Staff	5,000	792,917
Accrued Interest	145,958	-
Advances to Vendors	9,448,247	5,926,117
	9,599,205	6,719,034



NOTES FORMING PART OF PROFIT & LOSS ACCOUNT

NOTE "20"	31st March, 2012		31st March, 2011
	Rupees	Rupees	Rupees
REVENUE FROM OPERATION			
Exports			
Diamonds	12,546,000		
Gold / Gold Jewellery	1,819,437,024		943,129,668
Diamond Studded Jewellery	367,568,398		
		2,199,551,422	943,129,668
Domestic			
Diamonds	29,535,147		57,290,739
Gold / Gold Jewellery	15,382,938,619		12,403,616,443
Diamond Studded Jewellery	1,454,430,771		
Others	75,032,799		
		16,941,937,336	12,460,907,182
		19,141,488,758	13,404,036,850

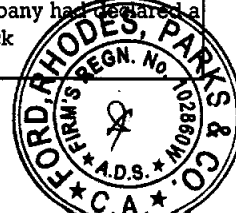
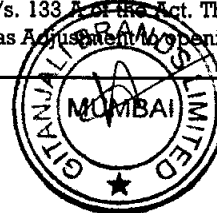
NOTE "21"	31st March, 2012	31st March, 2011
	Rupees	Rupees
OTHER INCOME:		
Miscellaneous Income	627,631	745,258
Insurance Claim	756,259	-
Freight Charges Received	2,046,097	904,950
Sundry Creditors Written back	7,548,508	-
Exchange Difference (Net)	53,055,748	13,736,651
	64,034,243	15,386,859

NOTE "22"	31st March, 2012		31st March, 2011
	Rupees	Rupees	Rupees
PURCHASE OF RAW MATERIAL & TRADED GOODS			
Diamonds	4,729,582		836,951
Gold / Gold Jewellery	17,454,649,371		13,128,905,298
Diamond Studded Jewellery	1,731,737,174		-
Others	278,674,242		219,930
		19,469,790,369	13,129,962,179
		19,469,790,369	13,129,962,179

The Company is engaged in the business of trading and manufacturing of jewellery. For this purpose company has its own manufacturing facility and has jobwork manufacturing. 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 goods purchases for trading.

NOTE "23"	31st March, 2012		31st March, 2011
	Rupees	Rupees	Rupees
CHANGES IN INVENTORIES OF RAW MATERIAL, FINISHED GOOD & STOCK IN TRADE			
Opening Stock			
Diamonds	-		23,782,115
Gold / Gold Jewellery	491,292,176		502,839,591
Adjustment to Opening Stock of Gold / Gold Jewellery			
Diamond Studded Jewellery	378,768,718		-
Adjustment to Opening Stock of Diamond Studded Jewellery			
Others	-		-
		870,060,894	526,621,706
Less : Closing Stock			
Diamonds	138,483,008		-
Gold / Gold Jewellery	656,395,229		689,389,948
Diamond Studded Jewellery	1,019,599,344		-
Others	14,501,720		-
		1,828,979,301	689,389,948
		(958,918,407)	(162,768,242)

Closing Stock as at 31.03.11 has been adjusted on account of Income Tax survey u/s. 133 A of the Act. The company had declared a sum of Rs.18.07 crore towards stock of goods. In current year same has been shown as Adjustment to opening stock

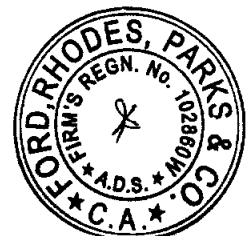


NOTES FORMING PART OF PROFIT & LOSS ACCOUNT

NOTE "24"	31st March, 2012	31st March, 2011
	Rupees	Rupees
EMPLOYEES BENEFITS EXPENSES		
Salaries & Wages	58,461,002	31,090,127
Gratuity	1,419,365	263,423
Contribution to Provident Fund & Other Fund	2,277,728	2,173,183
Welfare Expenses	919,285	843,300
	63,077,380	34,370,033

NOTE "25"	31st March, 2012	31st March, 2011
	Rupees	Rupees
FINANCE COST		
Bank Charges	34,353,092	126,364,199
Bank Interest (Net) (Refer to Note No. - 39)	140,628,776	37,834,880
Loan Facilitation Charges	2,840,225	-
Others	11,826,122	-
	189,648,215	164,199,079

NOTE "26"	31st March, 2012		31st March, 2011
	Rupees	Rupees	Rupees
OTHER EXPENSES			
Rent, Rates & Taxes		10,457,810	20,064,884
Manufacturing Expenses		9,731,496	9,479,116
Insurance		1,737,166	1,272,345
Repairs & Maintenance			
Building	-		-
Plant & Machinery	-		-
Other Assets	297,016		1,183,248
		297,016	1,183,248
Membership & Subscription		46,158	22,722
Professional & Legal Expenses		7,144,960	1,561,558
Remuneration to Auditors:			
Audit Fees	135,000		80,000
Tax Audit	30,000		20,000
Service tax	20,394		10,300
		185,394	110,300
Selling & Distribution Expenses		36,404,737	33,720,229
Electricity expenses		2,487,053	1,894,194
Conveyance Charges		4,999,748	2,623,140
Security Charges		1,882,121	1,451,763
Postage & Courier		3,468,672	1,270,232
Printing & Stationery		2,260,561	1,449,198
Consumables & Stores		210,226	49,161
Miscellaneous Expenses		4,958,024	9,985,681
		86,271,142	86,137,771



27 Share Capital

27 a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	16,700,000	83,500,000	16,700,000	83,500,000
Shares Issued during the year	1	5	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	16,700,001	83,500,005	16,700,000	83,500,000

27 b. Shares held by Holding / Ultimat Holding Company and / or their Subsidiaries / Associates

Gitanjali Gems Limited hold 99.99 % (P.Y. 100%) Equity Shares of the Company.

27 c. Rights, Prefrence and Restrictions of Share holders

Equity shares of the company has par value of Rs. 5/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets if any after distribution of all preferential accounts. The distribution will be pro rata to the equity share held by the shareholder.

Apart from right, restrictions and preferences prescribed by the companies Act 1956. The Articles of Association of the company elaborately deal with the above. The reader is requested to refer to respective document for details.

27 d. Details of shareholders holding more than 5 % shares in the company

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Rs. 5/- each fully paid				
Gitanjali Gems Limited & its Nominee	16,700,000	99.99%	16,700,000	100.00%

27 e. Particulars of shares issued for consideration other than cash, shares brought back & bonus shares in last 5 years - NIL

27 f. There are no Shares reserved for issue under options, contracts / commitments for sale of shares / disinvestment.

However the company has issued warrants to Bennett Coleman & Co. Ltd. For details refer note no. - 28.

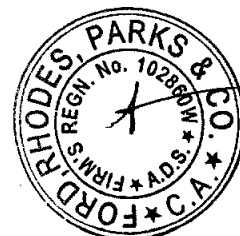
27 g. Particulars of call in arrears by directors and officers of the company - NIL

28 Money Received against warrants

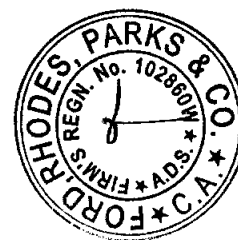
The Board of Directors of the company in its meeting held on November 17, 2011, issued 5 convertible warrants on preferential basis to Bennett Coleman & co. Ltd. At Rs. 8,00,00,000/- per warrant with an option to convert each warrant into 35,157 Equity Shares of nominal value of Rs. 5/- each at a premium of Rs. 2,270.50 per share. The option of conversion shall be valid for a period of 5 years from the date of allotment of warrants. The company has received initial subscription amount of Rs. 80,00,000/- per warrant being 10 % of total subscription amount. Pending receipt of option from warrant holder amount is shown under as Subcrition Money received towards Convertible Warrants.

29 Provisions

Particulars	Long Term Provisions		Short Term Provisions	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees	Rupees	Rupees
(a) Provision for employee benefits	2,342,666	945,928	22,627	-
(b) Others (Specify nature) Provision for Taxation	-	-	7,045,957	169,232,965
Total	2,342,666	945,928	7,068,584	169,232,965



Particulars	Long Term Loans & Advances		Short Term Loans & Advances	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees	Rupees	Rupees
a. Security Deposits				
Unsecured, considered good	45,069,891	4,704,699	-	-
	45,069,891	4,704,699	-	-
b. Loans and advances to related parties				
Secured, considered good	27,267,601	62,097,752	-	-
	27,267,601	62,097,752	-	-
d. Other loans and advances				
Secured, considered good	61,789,364	27,267,601	45,403,955	66,747,987
	61,789,364	27,267,601	45,403,955	66,747,987
	134,126,856	94,070,052	45,403,955	66,747,987



GITANJALI BRANDS LIMITED

Regd. Office : 801 / 802, Prasad Chambers, Opera House, Mumbai - 400004

NOTE :**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st March, 2012****31 Contingent Liabilities not provided in respect of**

- a) Outstanding Letter of Credit Rs.18,275/- Lacs
(Previous year Rs.7,775/- Lacs).
- b) Bank Guarantee Rs.6,175/- Lacs
(Previous Year Rs.4,675/- lacs)
- c) As per the VAT Audit reports, the contingent liability for non receipt of sales tax declaration forms as at balance sheet date for financial year 2010 - 2011 amounted to Rs.1.76 lacs, this is excluding value of forms collected upto the Balance Sheet date.

The management is of the view that the pending sales tax declaration forms would be collected before assessments are completed, alternatively liability for non submission of sales tax declaration forms would be recoverable from customers and as such no provision is considered necessary.

32 Secured Loans – Working Capital Borrowing

Working Capital Borrowing consists of Funded and Non Funded limits from consortium of banks. They are secured by way of hypothecation on first charge ranking pari passu on all current assets, fixed assets etc., lien on fixed deposits and further collaterally secured by the corporate guarantee of the Gitanjali Gems Ltd. (Holding Company) and rate of interest ranges between 15 % to 15.25 %. The funded facilities are repayable on demand .

Trade Payables include Rs. 265.45 Crores payable to banks under purchase arrangement for gold. The said facilities are secured against margin money deposits, corporate guarantee of the stepup holding company, stocks, debtors, etc. and rate of interest ranges between 4.5 % to 6 %.

33 Value of imports on CIF (on accrual basis)

	Current Year (Rs.)	Previous Year (Rs.)
C I F Value	-	23,26,759

34 Earning in foreign exchange (on accrual basis)

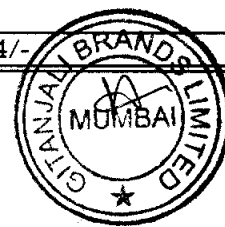
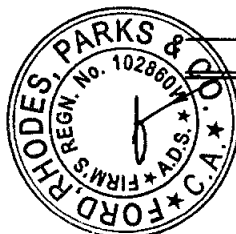
F O B Value	219,95,51,422	91,75,34,846
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35 Trade Receivables

- a) Trade Receivables of Rs.29,676.18 Lakhs (Previous year Rs. 23,196.62 Lakhs) includes Rs.23,686.46 Lakhs (Previous Year Rs. 9,410.95 lakhs) due from holding company and its subsidiaries.
- b) Debts outstanding for more than 6 months include Rs.4,077.25 Lakhs (Rs.6024.36 Lakhs) due from holding company and its subsidiaries and Rs.1,552.90 Lakhs (Rs.647.20 Lakhs) due from Non-Group companies. As regards the balance outstanding over six months due from Non - Group companies, Management is of the opinion that debts are good and recoverable. Details are also included under Note No. - 45

36 Remuneration to Auditors

	Current Year (Rs.)	Previous Year (Rs.)
a) Audit Fees	1,35,000/-	80,000/-
b) Tax Audit Fees	30,000/-	20,000/-
c) Service Tax	20,394/-	10,300/-
Total	1,85,394/-	1,10,300/-

37 Quantitative Detail as per Annexure – I

Particulars	(Rupees)	
	2011 - 2012	2010 - 2011
Number of equity shares at the beginning of the year	16,700,000	16,700,000
Number of equity shares issued during the year	1	-
Total number of equity shares outstanding at the year end	16,700,001	16,700,000
Weighted average number of equity shares outstanding during the year	16,700,001	1,67,00,000
Profit / (Loss) after tax and before exceptional items (Rs.)	275,918,758	401,359,247
Prior period income (expenses) (Rs.)	-	-
Profit / (Loss) after tax (Rs.)	275,918,758	220,688,302
Earnings per equity share before Exceptional Item :		
Basic Earning per share	16.52	24.03
Diluted Earning per share	16.48	24.03
Earnings per equity share after Exceptional Item :		
Basic Earning per share	16.52	13.21
Diluted Earning per share	16.48	13.21

- 39 Bank interest Expense of Rs. 1406.29 lacs included under Finance cost is net off Interest received during the year of Rs. 184.21 lacs (Previous Year Rs. 86.85 lacs) and tax deducted at source from interest income was Rs.17.33 lacs for the year ended 31st March 2012. (Previous Year Rs. 7.79 lacs)

40 **Monetary Foreign Currency Exposure :**

The year end net monetary foreign currency exposures that have not been hedged by a derivative instrument are given below:

Particulars	Curr ency	As at 31 st March 2012		As at 31 st March 2011	
		Foreign Currency	INR	Foreign Currency	INR
Receivables	US \$	8,401,302	406,169,558	3,372,094	151,611,138
Payables	US \$	-	-	910,343	37,780,674
Gold Loan Payable	*		2,654,507,549		1,325,045,168

* Liability in INR, however linked to US \$ value.

41 **Disclosure as per Revised AS 15 is as follows:**

The company has provided Gratuity Liability on Actuarial Valuation Method as required under AS - 15 - Annexure II.

42 **Disclosure as per Accounting Standard (AS - 19) on "Leases", is given below.**

- i The Company has taken various premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 3 years. These are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under said agreements.

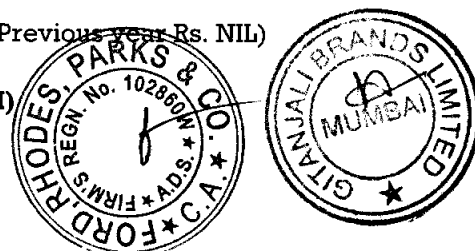
- ii Lease payments are recognized in the Statement of Profit and Loss Account under 'Rent, Rates & Taxes' in Note No. - 26

- iii The future minimum lease payments under non-cancelable operating lease are excluding space sharing arrangements with group Companies which are as under.

Not later than one year Rs. 25,38,349/- (Previous year Rs. 27,92,070/-)

Later than one year and not later than five years Rs. 19,10,500/- (Previous year Rs. NIL)

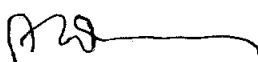
43 **Related Party Disclosure as per AS - 18 : (Refer Annexure - III)**



- 44 During the Financial year, the income tax department conducted search / survey at group companies level. The company has submitted all the necessary documents and replies to the income tax department. However till the date of signing the financial statement the company has not received any notice u/s 153A in consequence of search / survey.
- 45 **Suppliers covered by Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and Industrial (Development & Regulation) Act, 1951.**
- 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 auditors have relied upon the management information in this regard.
- 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 upon the management information in this regard.

As per our annexed report of even date

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



A. D. SHENOY
Partner
Membership No. 11549
Place : Mumbai
Dated : 12th May, 2012

For and on behalf of the Board



Manoj Kumar Bavakad
Managing Director

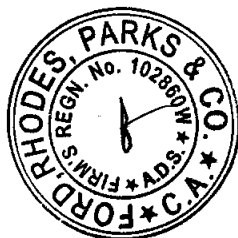


Mehul C. Choksi
Director



Vijay Agarwal
Company Secretary

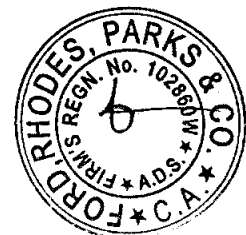
Place : Mumbai
Dated : 12th May, 2012



GITANJALI BRANDS LIMITED

Annexure - I

i)	Opening Stock		Qty.	Current Year		Previous Year	
				(Rupees)		(Rupees)	
	Gold / Gold Jewellery	Gms	188,317	362,786,565	231,370	331,181,522	
	Diamond Studded Jewellery	Pcs	30,709	351,716,772	18731	156,822,412	
	Cut & Polished Diamonds	Cts	11,829	153,666,143	12,448	33,042,115	
	Others	Gms	6,930	1,891,414	60736	5,575,657	
ii)	Purchases						
	Gold / Gold Jewellery	Gms	6,596,048	17,493,551,829	6,231,832	12,178,713,313	
	Diamond Studded Jewellery	Pcs	100,607	1,731,737,174	68,917	893,872,841	
	Cut & Polished Diamonds	Cts	368	4,729,582	5,717	4,446,696	
	Others	Gms	808,944	278,674,242	-	-	
iii)	Closing Stock						
	Gold / Gold Jewellery	Gms	250,984	684,131,948	194,668	363,875,972	
	Diamond Studded Jewellery	Pcs	44,399	992,005,327	31,289	352,518,778	
	Cut & Polished Diamonds	Cts	8,979	138,758,003	11,829	153,666,143	
	Others	Gms	112,192	14,084,023	-	-	
iv)	Sales						
	Gold / Gold Jewellery	Gms	6,641,303	17,202,375,655	6,466,294	12,694,754,752	
	Diamond Studded Jewellery	Pcs	195,966	1,821,999,169	50,927	643,670,756	
	Cut & Polished Diamonds	Cts	1,816	42,081,147	3,303	56,599,543	
	Others	Gms	308,790	75,032,801	70959	9011800	
v)	Consumption	Gms	1,241,564		1,973,163		
vi)	Jewellery Melting	Pcs	27,872		5934		
vii)	Jewellery Manufactured	Gms	1,063,301		2,083,434		
viii)	Rate Difference In Forward Contract / Gold Loan			(38,902,458)		52,929,329	



Gratuity :

- i) For the purpose of arriving at the liability on going concern basis, Projected Unit Credit Method is used. The assumptions are summarized as under.

Date of valuation	31-Mar-12	31-Mar-11
Retirement age	58 Years	58 Years
Attrition rate	2%	2%
Future salary rise	6%	6%
Rate of discounting	8.50%	8.25%
Mortality table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

- ii) The actuarial value of Gratuity Liability calculated on the above assumption works out as under:

Date Ending	31.03.2012	31.03.2011
PBO	2,365,293	945,928

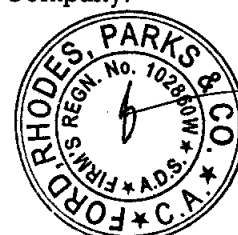
Assumption and Definition:	2011 - 2012	2010 - 2011
Discount Rate Prev.	8.25%	8.00%
Salary Escalation Prev.	6.00%	6.00%
Discount Rate Current	8.50%	8.25%
Salary Escalation Current	6.00%	6.00%

Change in Benefit Obligation:	2011 - 2012	2010 - 2011
Liability at the beginning of the year	945,928	708,755
Interest Cost	78,039	78,910
Current Service Cost	544,954	290,741
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer in	-	-
Liability transfer out	-	-
Benefit Paid	(26,250)	(26,250)
Actuarial (-)gain/loss on obligations	822,622	(106,228)
Liability at the end of the year	2,365,293	945,928

Balance Sheet Statement :	2011 - 2012	2010 - 2011
Liability at the end of the year	(2,365,293)	(945,928)
Fair Value of Plan Assets at the end of the year	-	-
Difference	(2,365,293)	(945,928)
Unrecognised Past Service Cost	-	-
Un recognised Transition Liability	-	-
Amount Recognised in the Balance Sheet	(2,365,293)	(945,928)

Profit & Loss Account Statement:	2011 - 2012	2010 - 2011
Current Service Cost	544,954	290,741
Interest Cost	78,039	78,910
Expected Return on Plan Assets	-	-
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Recognition of Transition Liability	-	-
Actuarial Gain or Loss	822,622	(106,228)
Expense Recognised in P&L	1,445,615	263,423

- vii) The above valuation has been carried out as per Guidelines issued by the Actuarial Society of India in this regard and the calculations are based on the information supplied for the purpose by the Company.



(A) Particulars of Enterprises controlling the Company

Gitanjali Gems Limited

Holding Company

(B) Particulars of Key Management Personnel

Name of Related Party

Relationship

Manoj Kumar Bavakad
Mehul C. Choksi
Dhanesh Sheth

Managing Director
Director
Director

(C) Relatives of Key Management Personnel

Mrs. Priti M. Choksi

Relatives of Key Management Personnel

(D) Particulars of Enterprises Under Common Control of the Holding Company

Name of the Related Party

Asmi Jewellery (India) Limited
Brightest Circle Jewellery Limited
D'Damas Jewellery (India) Private Limited
Diamlink Jewellery Inc
Gili India Limited
Gitanjali Exports Corporation Limited
Gitanjali Infrastructure Limited
Gitanjali Jewellery Retail Limited
Gitanjali Lifestyle Limited
Gitanjali Ventures DMCC
Hyderabad Gems SEZ Ltd.
MMTC Gitanjali Private Limited
Shubalavanyaa Jewel Crafts Private Limited
Spectrum Jewellery Limited

Subsidiary(part of the year)
Subsidiary(part of the year)
Subsidiary(part of the year)
Fellow Subsidiary
Subsidiary(part of the year)
Fellow Subsidiary
Fellow Subsidiary
Fellow Subsidiary
Fellow Subsidiary
Fellow Subsidiary
Fellow Subsidiary
Subsidiary(part of the year)
Subsidiary(part of the year)

(E) **Particulars of Enterprises Under Common Control of the Fellow Subsidiaries**

Diadem Ranka Desire Lifestyles Pvt. Ltd.

Step Down Joint Venture

(F) Particulars of Enterprises controlled by Key Management Personnel

Diamond Creation

(G) **Particulars of Transactions with Parties Referred To in (A) Above**

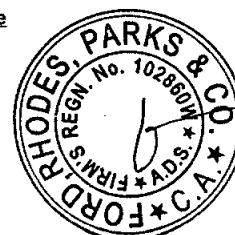
Sales	(3,297,154,130)
Labour Charges Received	(2,162,239)
Purchases	4,048,386,696
Amount Receivable shown in Sundry Debtors	1,342,449,234
Amount outstanding shown under Unsecured Loans	(1,200,000,000)

(H) Particulars of Transactions with Parties Referred To in (B) Above

Amount outstanding shown under Unsecured Loans (209,193)

(I) Particulars of Transactions with Parties Referred To in (D) Above

Sales	(7,637,158,662)
Labour Charges Paid	6,797,559
Labour Charges Received	(767,244)
Purchases	7,642,085,590
Amount Receivable shown in Sundry Debtors	1,026,196,889
Amount outstanding shown under Sundry Creditors	(1,864,003,793)



(I) **Particulars of Transactions with Parties Referred To in (F) Above**

Amount Receivable shown in Sundry Debtors	20,203,240
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(K) **Particulars of Transactions with Parties Referred To in (E) Above**

Amount Receivable shown in Loans & Advances 27,267,601

