

# WINSOME DIAMONDS AND JEWELLERY LIMITED



26<sup>TH</sup> ANNUAL REPORT  
2011-2012

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



|                                     |   |  |
|-------------------------------------|---|--|
| <b>BOARD OF DIRECTORS</b>           | <b>Mr. Jatin R. Mehta</b>                     | Chairman   |
|                                     | <b>Mr. Lakhpatraj Bhansali</b>                | Whole-time Director (upto 8 <sup>th</sup> May, 2012)   |
|                                     | <b>Mr. K. N. Bhandari</b>                     | Director (upto 24 <sup>th</sup> August, 2012)          |
|                                     | <b>Mr. G. P. Gupta</b>                        | Director (upto 7 <sup>th</sup> May, 2012)              |
|                                     | <b>Mrs. Shrilekha V. Parikh</b>               | Director   |
|                                     | <b>Mr. Madan B. Khurjekar</b>                 | Director   |
|                                     | <b>Mr. Sharad B. Bhagwat</b>                  | Director   |
|                                     | <b>Mr. Dilip P. Tikle</b>                     | Director   |
|                                     | <b>Mrs. Urvashi Saxena</b>                    | Director (w.e.f. 12 <sup>th</sup> November, 2011)      |
|                                     | <b>Mr. Harady Rathnakar Hegde</b>             | Director (w.e.f. 14 <sup>th</sup> February, 2012)      |
|                                     | <b>Mr. Ramesh I. Parikh</b>                   | Director-Finance (w.e.f. 9 <sup>th</sup> May, 2012)    |
|                                     | <b>Mr. R. Ravichandran</b>                    | Director-Operations (w.e.f. 9 <sup>th</sup> May, 2012) |
| <b>CHIEF FINANCIAL OFFICER</b>      | <b>Mr. Jaikumar Kapoor</b>                    |  |
| <b>COMPANY SECRETARY</b>            | <b>Mr. Asish Narayan</b>                      |  |
| <b>AUDITORS</b>                     | <b>M/s. R. C. Reshamwala &amp; Co.</b>        |  |
|                                     | <b>Chartered Accountants</b>                  |  |
| <b>BANKERS</b>                      | Standard Chartered Bank                       |  |
|                                     | Punjab National Bank                          |  |
|                                     | Export-Import Bank of India                   |  |
|                                     | Canara Bank                                   |  |
|                                     | State Bank of Hyderabad                       |  |
|                                     | Bank of Maharashtra                           |  |
|                                     | Oriental Bank of Commerce                     |  |
|                                     | Union Bank of India                           |  |
|                                     | Central Bank of India                         |  |
|                                     | AXIS Bank Limited                             |  |
|                                     | Vijaya Bank                                   |  |
|                                     | Bank of India                                 |  |
|                                     | State Bank of Mauritius Limited               |  |
|                                     | IDBI Bank Limited                             |  |
| <b>ADMINISTRATIVE OFFICE</b>        | 906/907/908, 9 <sup>th</sup> Floor, The Plaza |  |
|                                     | Near Dharam Palace, 55, Gamdevi               |  |
|                                     | Grant Road, Mumbai – 400 007                  |  |
|                                     | India   |  |
| <b>REGISTERED OFFICE</b>            | Kesharba Market – 2                           |  |
|                                     | Gotalawadi, Katargam                          |  |
|                                     | Surat – 395 004, India                        |  |
| <b>REGISTRAR AND TRANSFER AGENT</b> | Link Intime India Pvt. Limited                |  |
|                                     | C-13, Pannalal Silk Mills Compound            |  |
|                                     | L.B.S. Road, Bhandup (West)                   |  |
|                                     | Mumbai – 400 078, India                       |  |

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## NOTICE

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the Members of Winsome Diamonds and Jewellery Limited will be held on Saturday, 29<sup>th</sup> September, 2012 at Mahida Bhawan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007 at 12.30 p.m. to transact the following business:

### AS ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012, the Profit and Loss Account for the year ended on that date along with the Schedules and the Reports of the Directors and Auditors thereon.
- 2) To not to appoint a Director in place of Mr. K. N. Bhandari, whose office is liable to retire by rotation subsequent to his resignation as a Director of the Company.
- 3) To note and approve that Mrs. Shreelkha V. Parikh, Director, retires by rotation and due to her pre-occupation does not offer herself for re-appointment.
- 4) To appoint a Director in place of Mr. Dilip Tikle, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To re-appoint M/s. R. C. Reshamwala & Co., Chartered Accountants, Mumbai (Firm Regn. No. 108832W), as the Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### AS SPECIAL BUSINESS:

- 6) To consider and, if thought fit, to pass, with or without modification, if any, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mrs. Urvashi Saxena who was appointed as an Additional Director by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956 read with Article 147(1) of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mrs. Urvashi Saxena as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 7) To consider and, if thought fit, to pass, with or without modification, if any, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Harady Rathnakar Hegde who was appointed as an Additional Director by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956 read with Article 147(1) of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Harady Rathnakar Hegde as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 8) To consider and, if thought fit, to pass, with or without modification, if any, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Madan B. Khurjekar who was appointed as a Director, in the casual vacancy caused by the demise of Mr. G. Bharkatia, by the Board of Directors and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Madan B. Khurjekar as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 9) To consider and, if thought fit, to pass, with or without modification, if any, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Sharad B. Bhagwat who was appointed as a Director, in the casual vacancy caused by the resignation of Mr. Tej Krishen Kaul, by the Board of Directors and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Sharad B. Bhagwat as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 10) To consider and, if thought fit, to pass, with or without modification, if any, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in modification to the resolution passed by the members of the Company at the Twenty-third Annual General Meeting held on 30<sup>th</sup> September, 2009 and pursuant to Section 293(1)(d) of the Companies Act, 1956 and Article 84 of the Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money for the purpose of the Company at any time or from time to time notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however that the total amount so borrowed by the Board of Directors shall not exceed the aggregate of the Company's paid-up share capital, its free reserves and Rs. 8,000 Crore (Rupees Eight Thousand Crore only).

By Order of the Board of Directors  
For **Winsome Diamonds and Jewellery Limited**

Place : Mumbai

Date : 27<sup>th</sup> August, 2012

Asish Narayan  
Company Secretary

## NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- 2) The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- 3) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- 4) Pursuant to Section 154 of the Companies Act, 1956, and in accordance with Clause 15 and 16 of the listing agreement(s), the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 27<sup>th</sup> September, 2012 to Saturday, 29<sup>th</sup> September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
- 5) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith and forms part of the notice.
- 6) Brief resume of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting as per Clause 49 is mentioned in Corporate Governance Report which forms part of the Annual Report.

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- 7) Shareholders seeking information with regard to Accounts are requested to write to the Company at an early date to enable the management to keep the information ready.
- 8) Shareholders are requested to bring their copy of Annual Report to the Meeting.
- 9) The Equity Shares of the Company are compulsorily traded in electronic form with effect from 28<sup>th</sup> August, 2000. The shareholders who have not yet dematerialized their shares are requested to dematerialize their shares by opening DP Account with nearest Depository Participant at the earliest to avail the benefits of dematerialization.
- 10) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends for the financial year ended as on 31<sup>st</sup> March, 2006 and thereafter, which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

| Financial Year Ended               | Date of Declaration of Dividend | Last Date for Claiming Dividend |
|------------------------------------|---------------------------------|---------------------------------|
| 31.03.2006 (01.04.2005–31.03.2006) | 22.09.2006                      | 22.09.2013                      |
| 31.03.2007 (01.04.2006–31.03.2007) | 30.08.2007                      | 30.08.2014                      |
| 31.03.2008 (01.04.2007–31.03.2008) | 26.09.2008                      | 26.09.2015                      |
| 31.03.2010 (01.04.2009–31.03.2010) | 30.09.2010                      | 30.09.2017                      |
| 31.03.2011 (01.04.2010-31.03.2011) | 30.09.2011                      | 30.09.2018                      |

According to the provisions of the Companies Act, 1956 shareholders are requested to note that no claims shall lie against the Company or said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that they first became due for payment and no payment shall be made in respect of any such claims.

- 11) In order to provide protection against fraudulent encashment of the warrants, Members holding Share Certificates in physical form are requested to notify any change in their addresses or bank mandates immediately to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, Unit: Winsome Diamonds and Jewellery Limited, C-13 Pannalal Silk Mills Compound, L.B.S. Road, Bhandup (West), Mumbai - 400 078. Phone: (91-22) 25946970. Fax: (91-22) 25946969 / 25962691. E-Mail: [rant.helpdesk@linkintime.co.in](mailto:rant.helpdesk@linkintime.co.in), Website: [www.linkintime.co.in](http://www.linkintime.co.in).
- 12) Non-Resident Indian Shareholders are requested to inform immediately to Company's Registrar and Transfer Agent, Link Intime India Private Limited:
  - a) The change in the Residential status on return to India for permanent settlement.
  - b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
- 13) Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
- 14) Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form.

Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Company's Registrar and Transfer Agent, Link Intime India Private Limited.

- 15) Shareholders/Investors are requested to make all correspondences in connection with registration of transfer of shares, non-receipt of dividend, annual report, change of address, bank mandate, issue of duplicate, split and consolidated share certificate, dematerialization of shares, rematerialization of shares, transmission, transposition, deletion and other grievances etc., by addressing letters directly to the Company's Registrar and Transfer Agent, Link Intime India Private Limited and a copy to the Company at 906/907/908, 9<sup>th</sup> Floor, The Plaza, Near Dharam Palace, 55, Gamdevi, Grant Road, Mumbai- 400007 quoting their registered folio number or their client ID number with DP ID number to enable the Company to resolve the Shareholders' grievances smoothly and speedily.
- 16) Ministry of Corporate Affairs (MCA) has issued Circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). In view of the above, Company proposes to send all future shareholders' communication like Notices, Company's Annual Reports etc. through electronic mode. This will also ensure prompt receipt of communication and avoid loss in postal transit.
 

We intend using shareholder's e-mail id to send various Notices / Correspondences etc. in future. If your e-mail is not registered with your Depository Participant, kindly register the same at the earliest.

In case you are holding shares in physical mode, please forward your e-mail id to the Company or its Registrars, M/s. Link Intime India Private Limited.
- 17) The Company is seeking separately the approval of the shareholders pursuant to the requirements of the provisions of Section 192A of the Companies Act, 1956 for passing of resolution through postal ballot for Sale of Cochin Unit of the Company under Section 293(1)(a) of the Companies Act, 1956.

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

### Item No. 6

Mrs. Urvasi Saxena was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 12<sup>th</sup> November, 2011. Mrs. Urvasi Saxena will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mrs. Urvasi Saxena for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

After completing her graduation and post-graduation from the University of Allahabad, in 1965 and 1967 respectively, she joined the Indian Revenue Service in 1968. She took her Law degree from the Lucknow University in 1983.

She held several important assignments in the Income Tax Department like being the first lady D.D.I. (Investigation) in charge of raids in Mumbai and the first lady Chief Commissioner in Mumbai. She received several citations, rewards and awards for her distinguished service during a long and fulfilling career of 37 years. After retirement she was appointed as member of the Income Tax Settlement Commission where she rose to the position of Vice-Chairperson and finally retired as the Chairperson in June 2007.

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Presently, she is a partner in a Law firm, her areas of specialisation include International Taxation and Transfer Pricing issues.

She is also on the Board of Directors of several Companies like Gammon India Limited, Elder Pharma, Elder Health Care, Sharda International.

Her other areas of interest are reading, writing, travelling, music, philanthropy and social service.

In the beneficial interest of the Company, your Directors recommend the Ordinary Resolution for approval.

None of the Directors of the Company other than Mrs. Urvashi Saxena is in any way, concerned or interested in the said resolution.

## Item No. 7

Mr. Harady Rathnakar Hegde was inducted on Board as an Additional Director of the Company by the Board of Directors at its meeting held on 14<sup>th</sup> February, 2012. Mr. Harady Rathnakar Hegde will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Rathnakar Hegde for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Harady Rathnakar Hegde is a Non Executive Director of the Company. He has been appointed on the Board with effect from 14<sup>th</sup> February, 2012. Mr. Harady Rathnakar Hegde has served the banking industry for four decades. His most recent stint was the position of an Executive Director of the Oriental Bank of Commerce (OBC), a premier public sector bank in India. Mr. Hegde assumed his responsibilities at OBC on 16<sup>th</sup> May, 2008. At Oriental Bank of Commerce, he was an integral board member who assisted the Chairman & Managing Director in forming a well focused and cohesive Top Management Team. Prior to this, Mr. Hegde held the position of General Manager (Credit, Human Resource, Treasury, Marketing) at Vijaya Bank that was the culmination of 38 years of exemplary service in various capacities. Mr. Hegde brings with him, a formidable wealth of knowledge of the Indian banking industry.

In the beneficial interest of the Company, your Directors recommend the Ordinary Resolution for approval.

None of the Directors of the Company other than Mr. Harady Rathnakar Hegde is in any way, concerned or interested in the said resolution.

## Item No. 8

Mr. Madan B. Khurjekar was appointed as a Director in the casual vacancy caused by the demise of Mr. G. Bharkatia, by the Board of Directors. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Madan B. Khurjekar as a candidate for the office of Director of the Company, liable to retire by rotation.

In the beneficial interest of the Company, your Directors recommend the Ordinary Resolution for approval.

None of the Directors of the Company other than Mr. Madan B. Khurjekar is in any way, concerned or interested in the said resolution.

## Item No. 9

Mr. Sharad B. Bhagwat was appointed as a Director in the casual vacancy caused by the resignation of Mr. Tej Krishen Kaul, by the Board of Directors. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Sharad B. Bhagwat as a candidate for the office of Director of the Company, liable to retire by rotation.

In the beneficial interest of the Company, your Directors recommend the Ordinary Resolution for approval.

None of the Directors of the Company other than Mr. Sharad B. Bhagwat is in any way, concerned or interested in the said resolution.

## Item No. 10

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company has power to borrow beyond the aggregate limit of its paid-up capital and free reserves only with the consent of the shareholders in general meeting. At the Twenty-third Annual General Meeting held on 30<sup>th</sup> September, 2009, the Board has been authorized to borrow upto a limit equivalent to the aggregate of the paid-up capital, free reserves and Rs.5,000 crore, excluding temporary loans obtained from the Company's bankers in the ordinary course of business. However, with further increase in volume of business, additional resources will be required for which the Board of Directors recommend the increase in borrowing limits to a sum of the paid-up capital, free reserves and Rs.8,000 Crore.

The Directors recommend the Ordinary Resolution for your approval.

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

All the documents referred to in the accompanying notice shall be available for inspection at the Registered Office of the Company on any working day between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting and will also be available for inspection at the meeting.

By Order of the Board of Directors  
For **Winsome Diamonds and Jewellery Limited**

Place : Mumbai  
Date : 27<sup>th</sup> August, 2012

Asish Narayan  
Company Secretary



# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## DIRECTORS' REPORT

To

The Members

The Directors have pleasure in presenting the Twenty-Sixth Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2012.

(₹ in Crore)

| Particulars  | Financial Year Ended 31 <sup>st</sup> March, 2012 | Financial Year Ended 31 <sup>st</sup> March, 2011 |
|--|---|---|
| <b>Total Income</b>  | <b>5546.67</b>                                    | 4320.28   |
| Profit before Interest and Depreciation                        | 211.79  | 188.69  |
| <b>Less: Finance Charges (Net)</b>                             | <b>83.44</b>                                      | 63.34   |
| Depreciation   | 8.06  | 7.14  |
| Profit before Tax  | 120.29  | 118.21  |
| Provision for Tax  | 24.54   | 6.56  |
| <b>Profit after Tax</b>  | <b>95.75</b>                                      | 111.65  |
| <b>Add: Balance in Profit and Loss Account Brought Forward</b> | <b>257.24</b>                                     | 175.33  |
| <b>Profit Available for Appropriation</b>                      | <b>352.99</b>                                     | 286.98  |
| Proposed Dividend  | -   | 8.35  |
| Corporate Tax on Proposed Dividend                             | -   | 1.39  |
| Transfer to General Reserve                                    | 2.98  | 10.00   |
| Transfer to General Reserve -                                  |   |   |
| Foreign Exchange/Metal Price Fluctuation                       | 1.50  | 10.00   |
| Balance Carried Forward  | 348.51  | 257.24  |
| <b>Total</b>   | <b>352.99</b>                                     | 286.98  |

### DIVIDEND AND APPROPRIATIONS

The Board of Directors has not recommended any payment of Dividend in order to plough back the profits for the utilization towards the funds requirements of the Company. Owing to sharp increase in price of the gold and steep depreciation of rupee vis-a-vis US Dollar, the requirement of working capital has increased substantially. Besides, due to slow down of economies across the globe, there has been intermittent delay in inward remittances which further accentuates the liquidity stress.

An amount of ₹ 2.98 Crore has been transferred to General Reserve and ₹ 1.50 Crore to General Reserve – Foreign Exchange/Metal Price Fluctuation.

### OPERATIONS

Total income from operations during the year increased by 28.39% to ₹ 5546.67 Crore from ₹ 4320.28 Crore in the previous year. Profit before Interest and Depreciation increased to ₹ 211.79 Crore as compared with ₹ 188.69 Crore during the previous year. Net profit for the year decreased by 14.25% to ₹ 95.75 Crore as compared to ₹ 111.65 Crore for the previous year due to higher incidence of Tax owing to applicability of MAT on profits of units in SEZs.

### PREFERENTIAL ISSUE OF EQUITY SHARES AND WARRANTS

During the year under review, the Company has made preferential issue of 3,63,63,636 Equity Shares of Rs.10/- each fully paid-up at a price of Rs.55/- per share (including premium) to the Foreign Institutional Investors (FIIs). An amount of Rs.200 Crores has been raised through this preferential issue for augmenting the working capital resources and to meet the requirements of growth of the Company.

Simultaneous with above issue of Equity Shares to FIIs on 1<sup>st</sup> February, 2012, the Company has issued 4,00,000 Equity Shares of Rs.10/- each fully paid-up at a price of Rs.70/- per share including premium to

a promoter group company, viz. Kohinoor Diamonds Private Limited upon conversion of equivalent no. of Optionally Fully Convertible Warrants (OFCWs) out of 34,00,000 OFCWs issued in October 2010 with an issue price of Rs.70/- each (including premium). An amount equivalent to 25% of the price had been paid on each Warrant at the time of allotment of Warrants and the balance 75% was paid at the time of their conversion. The Company has received a sum of Rs. 2.10 Crore during the year under review representing 75 % of the total amount. As on 31<sup>st</sup> March, 2012, 30,00,000 OFCWs were pending for conversion against which equivalent no. of Equity Shares of Rs.10/- each fully paid-up were allotted on 13<sup>th</sup> April, 2012 to Kohinoor Diamonds Private Limited, the warrant holder, upon payment of balance 75% of the issue price - ₹15.75 crores. Accordingly, the paid-up equity share capital of the company has increased from ₹ 103.61 crores as at 31.03.2012 to ₹. 106.61 crores as on date.

### CHANGE IN NAME OF THE COMPANY

With evolution of business over the decades and to make its presence felt in the domestic as well as international market, the members had approved on recommendation of the Board of Directors, at their meeting held on 22<sup>nd</sup> June, 2012, change in name of the Company. Consequent to the receipt of all relevant approvals, change in name of the Company from Su-Raj Diamonds and Jewellery Limited to Winsome Diamonds and Jewellery Limited has become effective from 27<sup>th</sup> June, 2012.

### SUBSIDIARIES

As required under the provisions of Section 212 of the Companies Act, 1956, a statement of the holding company's interest in the subsidiary companies, namely Su-Raj Diamonds NV, Su-Raj Diamonds and Jewellery DMCC, Su-Raj Diamonds & Jewelry USA, Inc. and Su-Raj Diamond (H.K.) Limited is attached as 'Annexure' and forms part of this report.

In terms of the general exemption given by Ministry of Corporate Affairs, Government of India, copies of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents upon request by any shareholder.

The Annual Accounts of the subsidiaries are also available for inspection by the shareholders at the Registered Office of the Company and also at the respective offices of its subsidiaries. Pursuant to Accounting Standard 21, issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include the financial information of its subsidiaries.

Pursuant to the decision of the Board at its Meeting held on 14.02.2012, the Company has disinvested, after the balance sheet date, its 100% shareholding in the following three subsidiary companies:

Su-Raj Diamonds NV

Su-Raj Diamonds & Jewelry USA, Inc.

Su-Raj Diamond (H.K.) Limited

### DIRECTORS

Mr. G. P. Gupta, Mr. Lakhpatraj Bhansali and Mr. K. N. Bhandari have resigned from the Board of the Company with effect from 7<sup>th</sup> May, 2012, 8<sup>th</sup> May, 2012 and 24<sup>th</sup> August, 2012 respectively. The Board accords its appreciation for their contributions to the business of the Company during their tenure as Directors of the Company.

The Board of Directors have decided not to appoint any person as a Director of the Company in the casual vacancy caused by the resignation of Mr. K. N. Bhandari whose office is liable to retire by rotation at the ensuing Annual General Meeting.

In accordance with the Articles of Association of the Company, Mrs. Shrilekha V. Parikh is liable to retire by rotation, however Mrs. Shrilekha V. Parikh has not offered herself for re-appointment at the forthcoming Annual General Meeting. The Board accords its appreciation for her contributions to the business of the Company during her tenure as a Director of the Company.

Mr. Dilip Tikle, is liable to retire by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

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Mr. Madan B. Khurjekar and Mr. Sharad B. Bhagwat were appointed as Director in casual vacancy and are seeking re-appointment as Directors liable to retire by rotation at the forthcoming Annual General Meeting.

Mrs. Urvashi Saxena and Mr. Harady Rathnakar Hegde have been appointed on 19<sup>th</sup> November, 2011 and 14<sup>th</sup> February, 2012 respectively as Additional Directors of the Company and hold office up to the date of forthcoming Annual General Meeting.

Your Directors recommend the above appointments/re-appointments.

Mr. Ramesh I. Parikh and Mr. R Ravichandran have been appointed as Whole-time Directors of the Company with effect from 9<sup>th</sup> May, 2012 and have been designated as Director- Finance and Director-Operations respectively.

## COMPANY SECRETARY

During the year, Mr. Shivprakash K. Singh has resigned as Company Secretary with effect from 1<sup>st</sup> September, 2011. Your Directors place on record their sincere appreciation for the valuable contribution made by him during his tenure as Company Secretary. Mr. Asish Narayan, a Member of The Institute of Company Secretaries of India has been appointed as the Company Secretary of the Company with effect from 22<sup>nd</sup> September, 2011.

## APPOINTMENT OF COST ACCOUNTANT

M/s. Gangan & Co., Cost Accountants, Mumbai have been appointed to submit the Compliance Report along with the requisite annexure duly certified by them for the financial year commencing from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012 as required under rule 2 of the Companies (Cost Accounting Records) Rules, 2011 to the Central Government within the time prescribed under above referred rules.

## FIXED DEPOSITS

The Company has not accepted any deposit, within the meaning of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 made thereunder.

## COMMUNITY DEVELOPMENT AND SOCIAL WELFARE

The Company continues to contribute for social welfare through support to "Veerayatan", a non-profit organization that strives to uplift and empower humanity.

## INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

None of the employees of the Company were in receipt of remuneration in excess of the limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 including Companies (Particulars of Employees) Amendment Rules, 2011 and Companies (Amendment) Act, 1988.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that 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 at the end of the financial year ended 31<sup>st</sup> March, 2012 and of the profit of the Company for that financial year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.

## AUDITORS

M/s. R.C. Reshamwala & Co., Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The Audit Committee and Board of Directors recommend their re-appointment.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

## INDUSTRIAL RELATIONS

Industrial relations at all levels during the year were satisfactory. The Board wishes to place on record its sincere appreciation of the efforts put in by all the Company's employees in achievement of results.

## LISTING

The Equity Shares of the Company are listed at BSE Limited and National Stock Exchange of India Limited. The Company has paid the Annual Listing fee to each of the above Stock Exchanges.

## INTERNAL CONTROL SYSTEM

The Company's internal control systems, governed by well framed policies and guidelines are supplemented by well-established audit process that assists management in identifying issues and associated risks and ensures that all assets are safeguarded and protected against any loss.

Internal audit, an independent appraisal function, examines and evaluates the adequacy and effectiveness of the internal control system, appraises periodically about activities and audit findings to the Audit Committee, statutory auditors and the management.

## BOARD COMMITTEES

In addition to Audit Committee and Shareholder/Investor Grievances Committee, the Board of Directors has constituted/re-constituted the following Committees :

- 1) Risk Management Committee comprising of the following members:
  - a) Mr. Madan B. Khurjekar, Chairman
  - b) Mr. Sharad B. Bhagwat, Member
  - c) Mr. Dilip P. Tickle, Member
- 2) Executive Committee comprising of the following members:
  - a) Mr. Madan B. Khurjekar, Member
  - b) Mr. Sharad B. Bhagwat, Member
  - c) Mr. R. Ravichandran, Member

## CORPORATE GOVERNANCE

The Company has been in compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

Report on Corporate Governance, Management Discussion and Analysis and Auditor's Report on compliance with the Corporate Governance requirements have been included in this Annual Report in separate sections.

## ACKNOWLEDGEMENTS

The Board of Directors wishes to thank Government of India, bankers, customers, suppliers, shareholders and other business associates of the Company for the continued co-operation and unstinted support extended to the Company.

On behalf of the Board of Directors

Mumbai  
27<sup>th</sup> August, 2012

Madan B. Khurjekar  
Chairman

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## ANNEXURE TO THE DIRECTORS' REPORT

Particulars Required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY

The particulars regarding conservation of energy are not applicable to the Company as the Diamond Industry is not covered under the schedule prescribed by the said Rules.

### B. TECHNOLOGY ABSORPTION

The particulars regarding absorption of technology is given below as per Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

#### Research and Development (R & D):

**(1) Specific areas in which R & D is carried out by the Company**

Manufacture of jewellery as per international standards is an area in which general research and development work pertaining to the manufacturing process is carried out by the Company.

**(2) Benefits derived as a result of the above R & D**

Improvement in productivity and cost reduction.

**(3) Future Plan of Action**

Appropriate action plans are being initiated.

**(4) Expenditure on R & D:**

|                                  |                       |
|----------------------------------|-----------------------|
| (a) Capital                      | )                     |
|                                  | )                     |
| (b) Recurring                    | )                     |
|                                  | ) Included in the     |
| (c) Total                        | ) manufacturing cost. |
|                                  | )                     |
| (d) Total R & D expenditure as a | )                     |
| percentage of total turnover     | )                     |

#### Technology absorption, adaptation and innovation:

**(1) Efforts in brief, made towards technology absorption, adaptation and innovation**

The Company is monitoring the technological up-gradation taking place internationally in the field of diamond and jewellery manufacturing and the same are being reviewed for implementation.

**(2) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.**

- 1) Product improvement
- 2) Cost reduction
- 3) Import substitution in respect of main consumables

**(3) In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:**

|  |       |
|--|-------|
| (a) Technology Imported                | }     |
| (b) Year of Import                     | }     |
| (c) Has technology been fully absorbed | }     |
| (d) If not fully absorbed, areas where | ) Nil |
| this has not taken place, reasons      | }     |
| thereof and future plan of action      | }     |

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's main line of business is the manufacture and export of cut and polished diamonds and jewellery.

|                               |                 |
|-------------------------------|-----------------|
| Total Foreign Exchange Earned | ₹ 5494.12 Crore |
| Total Foreign Exchange Used   | ₹ 5677.92 Crore |

The foreign exchange used includes the remittances made for raw materials which are under process and foreign exchange earned includes bills to be realised.

On behalf of the Board of Directors

Mumbai  
27<sup>th</sup> August, 2012

**Madan B. Khurjekar**  
Chairman



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## CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is based on preserving core values, ethical business conduct, maximisation of shareholders value and welfare of stakeholders.

The Company on a continuous basis assesses its strengths and weaknesses so as to achieve the best standards of Corporate Governance while on the path of protecting the long term interest of the members and the stakeholders.

### BOARD OF DIRECTORS

#### Composition of the Board

As on 31<sup>st</sup> March, 2012, the Board of Directors comprised of Ten members, out of which eight are Independent Directors. Mr. Jatin R. Mehta, Non-executive Director was the Chairman on the Board and Mr. Lakhpatraj Bhansali, Executive Director was the Whole-time Director of the Board as on 31<sup>st</sup> March, 2012.

#### Board Meetings

The Board meets at least once in every quarter to review the quarterly financial results and other items of the Agenda and, if necessary, additional meetings are held.

Six Board Meetings were held during the year ended 31<sup>st</sup> March, 2012. These were held on 19<sup>th</sup> April, 2011, 10<sup>th</sup> May, 2011, 9<sup>th</sup> August, 2011, 12<sup>th</sup> November, 2011, 19<sup>th</sup> December, 2011 and 14<sup>th</sup> February, 2012.

The following table gives attendance of the Directors in the Board Meetings alongwith the attendance in the Annual General Meeting held on 30<sup>th</sup> September, 2011:

| Name of Director            | Category                             | Number of Board Meetings held | Number of Board Meetings attended | Attendance at the last A.G.M. |
|-----------------------------|--------------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Mr. Jatin R. Mehta*         | Non-Executive Director               | 6                             | 6                                 | Yes                           |
| Mr. Lakhpatraj Bhansali @   | Executive Director                   | 6                             | 5                                 | Yes                           |
| Mr. Kailash Nath Bhandari#  | Non-Executive & Independent Director | 6                             | 5                                 | No                            |
| Mr. G. P. Gupta ##          | Non-Executive & Independent Director | 6                             | 6                                 | No                            |
| Mrs. Shrelekha V. Parikh    | Non-Executive & Independent Director | 6                             | 5                                 | No                            |
| Mr. Madan B. Khurjekar      | Non-Executive & Independent Director | 6                             | 5                                 | Yes                           |
| Mr. Sharad B. Bhagwat       | Non-Executive & Independent Director | 6                             | 6                                 | No                            |
| Mr. Dilip P. Tikle          | Non-Executive & Independent Director | 6                             | 5                                 | No                            |
| Mrs. Urvashi Saxena\$       | Non-Executive & Independent Director | 3                             | 3                                 | No                            |
| Mr. Harady Rathnakar Hegde^ | Non-Executive & Independent Director | 1                             | 1                                 | No                            |

\* Ceased as Managing Director w.e.f. 19<sup>th</sup> April, 2011 and continued as Non-Executive Chairman thereafter

@ Appointed on 19<sup>th</sup> April, 2011, ceased to be Director w.e.f. 08<sup>th</sup> May, 2012

# Ceased to be Director w.e.f. 24<sup>th</sup> August, 2012

## Ceased to be Director w.e.f. 07<sup>th</sup> May, 2012

\$ Appointed on 12<sup>th</sup> November, 2011

^ Appointed on 14<sup>th</sup> February, 2012

#### Directorships and Committee positions held by the Directors

In accordance with Clause 49 of the Listing Agreement, none of the Directors is a member in more than ten Committees or is acting as a

chairman of more than five committees across companies in which he is Director. For the purpose of considering the limits of the committees, only the chairmanship and membership of the Audit Committee and Shareholders Grievances Committee are considered.

The Directorships and Committee positions held by the Directors in various other companies as on 31<sup>st</sup> March, 2012 are given below:

| Name of Director           | Category                                 | Number of Directorship in Other Companies | Number of Committee positions held in other Companies |        |
|----------------------------|--|---|---|--------|
|                            |  |   | Chairman  | Member |
| Mr. Jatin R. Mehta         | Non-Executive Director & Promoter        | 4   | Nil   | 2      |
| Mr. Lakhpatraj Bhansali    | Executive Director & Whole-time Director | 1   | Nil   | Nil    |
| Mr. Kailash Nath Bhandari  | Non-Executive & Independent Director     | 12  | 1   | 3      |
| Mr. G. P. Gupta            | Non-Executive & Independent Director     | 10  | 4   | 3      |
| Mrs. Shrelekha V. Parikh   | Non-Executive & Independent Director     | Nil                                       | Nil   | Nil    |
| Mr. Madan B. Khurjekar     | Non-Executive & Independent Director     | 1   | Nil   | 1      |
| Mr. Sharad B. Bhagwat      | Non-Executive & Independent Director     | Nil                                       | Nil   | Nil    |
| Mr. Dilip P. Tikle         | Non-Executive & Independent Director     | Nil                                       | Nil   | Nil    |
| Mrs. Urvashi Saxena        | Non-Executive & Independent Director     | 4   | Nil   | 2      |
| Mr. Harady Rathnakar Hegde | Non-Executive & Independent Director     | 3   | Nil   | Nil    |

#### Information Supplied to the Board

The information placed before the Board includes:

- Annual operating plans, capital budgets and any updates.
- Quarterly results for the Company and business segments.
- Minutes of the meetings of the audit committee and other committees of the Board.
- Appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.

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(Formerly Su-Raj Diamonds And Jewellery Limited)



- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Details of investment of surplus funds available with the Company.
- Minutes of the Board Meetings of the subsidiary companies.
- Statement showing significant transactions & arrangements entered into by the subsidiary companies.

## Remuneration paid to Directors

Details of remuneration paid to Directors for the financial year 2011-12.

(₹)

| Sr. No. | Name of the Director       | Board Meeting Sitting Fees | Audit Committee Sitting Fees | Salary Perquisites Super-annuation/Commission/ESOP | Total            |
|---------|----------------------------|----------------------------|------------------------------|--|------------------|
| 1.      | Mr. Jatin R. Mehta         | 75,000                     | Nil                          | 3,90,000   | 4,65,000         |
| 2.      | Mr. Lakhpatraj Bhansali    | Nil                        | Nil                          | 34,20,000  | 34,20,000        |
| 3.      | Mr. K. N. Bhandari         | 75,000                     | Nil                          | Nil  | 75,000           |
| 4.      | Mr. G. P. Gupta            | 90,000                     | Nil                          | Nil  | 90,000           |
| 5.      | Mrs. Shrilekha V. Parikh   | 75,000                     | 45,000                       | Nil  | 1,20,000         |
| 6.      | Mr. Madan B. Khurjekar     | 75,000                     | 45,000                       | Nil  | 1,20,000         |
| 7.      | Mr. Sharad B. Bhagwat      | 90,000                     | 60,000                       | Nil  | 1,50,000         |
| 8.      | Mr. Dilip P. Tikle         | 75,000                     | Nil                          | Nil  | 75,000           |
| 9.      | Mrs. Urvashi Saxena        | 45,000                     | Nil                          | Nil  | 45,000           |
| 10.     | Mr. Harady Rathnakar Hegde | 15,000                     | Nil                          | Nil  | 15,000           |
|         | <b>Total</b>               |                            |                              |  | <b>45,75,000</b> |

## Code of Conduct

A code of conduct for all Board members and senior management of the Company has been prepared. The code of conduct is available on the website of the Company [www.winsomejewellery.com](http://www.winsomejewellery.com). All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A signed declaration to this effect is enclosed at the end of this report.

## Risk Management

The Board of Directors of the Company has established risk assessment and minimization procedures, which are reviewed by the Board periodically. The Board of Directors has constituted a Risk Management Committee which meets periodically and minutes of meeting(s) of Risk Management Committee are periodically placed before the Board of Directors.

## COMMITTEES OF THE BOARD

As on 31<sup>st</sup> March, 2012 the Company had two committees of the Board, Audit Committee and Shareholders/Investors Grievance Committee. The decisions relating to the constitution of committees, appointment of members and fixing of terms of service for committee members are taken by the Board of Directors. Composition of the said committees, number of meetings held and attendance during the financial year is as follows:

### Audit Committee

As on 31<sup>st</sup> March, 2012 the Audit Committee comprised of three Independent Directors, Mr. Madan B. Khurjekar, Chairman, Mrs. Shrilekha V. Parikh and Mr. Sharad B. Bhagwat, members of the committee.

Four Audit Committee Meetings were held during the financial year 2011-2012. These were held on 10<sup>th</sup> May, 2011, 9<sup>th</sup> August, 2011, 12<sup>th</sup> November, 2011 and 14<sup>th</sup> February, 2012. The following table gives attendance of the Members in the Audit Committee Meeting:

| Name of Members          | Status                               | No. of Meetings Attended |
|--------------------------|--------------------------------------|--------------------------|
| Mr. Madan B. Khurjekar   | Non-Executive & Independent Director | 3                        |
| Mrs. Shrilekha V. Parikh | Non-Executive & Independent Director | 3                        |
| Mr. Sharad B. Bhagwat    | Non-Executive & Independent Director | 4                        |

The statutory auditors, internal auditors are permanent invitees to the audit committee. The Company Secretary acts as secretary of the committee. Members of the Audit Committee including the Chairman have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2011 to answer shareholder's queries.

## The Audit Committee of the Company performs the following functions:

- Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment and, if required, the removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly and annual financial statements before submission to the Board.
- Reviewing with the management the annual financial statements of subsidiary companies.
- Reviewing the adequacy of internal audit functions.
- Reviewing with the management and auditors, the adequacy of internal control systems.
- Reviewing with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the commencement of audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## The Audit Committee reviews:

- Management discussion and analysis of financial conditions and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Internal Auditor.
- The Audit Committee is also presented with the following information on related party transactions (whenever applicable):

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- A statement in summary form of transactions with related parties in the ordinary course of business.
  - Details of material individual transactions with related parties, which are not in the normal course of business.
  - Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.
  - Compliance by the Company of all the Accounting Standards as laid down by the Institute of Chartered Accountants of India, and adherence thereto, wherever applicable.

## b) Shareholder/Investor Grievances Committee

As on 31<sup>st</sup> March, 2012 the Shareholders/Investors Grievances Committee comprised of Mrs. Shrilekha V. Parikh (Chairperson), Mr. Jatin R. Mehta and Mr. Madan B. Khurjekar, members of the committee.

The Shareholders/Investors Grievances Committee looks into redressing investor's grievances like transfer of shares, non-receipt of shares, non-receipt of dividends, non-receipt of annual report, etc.

Name and designation of the compliance officer: Mr. Asish Narayan, Company Secretary.

Mr. Asish Narayan has been appointed as the Company Secretary of the Company on 22<sup>nd</sup> September, 2011 in place of Mr. Shivprakash K. Singh.

During the year, the Committee met four times, details of which are as under:

| Sr. No. | Date       | Committee Strength | No. of Members Present |
|---------|------------|--------------------|------------------------|
| 1       | 10/05/2011 | 3                  | 3                      |
| 2       | 09/08/2011 | 3                  | 2                      |
| 3       | 12/11/2011 | 3                  | 2                      |
| 4       | 14/02/2012 | 3                  | 3                      |

## Subsidiary Companies

All the subsidiary companies of the Company are managed by their respective Board of Directors. The financial statements, in particular investments made by unlisted subsidiary companies are reviewed by the Audit Committee of the Company.

Brief of the Company's subsidiary companies as on 31<sup>st</sup> March, 2012 are as under:

| Sr. No. | Name of Subsidiary                  | Country in which Incorporated |
|---------|-------------------------------------|-------------------------------|
| 1       | Su-Raj Diamonds NV                  | Belgium                       |
| 2       | Su-Raj Diamonds and Jewellery DMCC  | U.A.E.                        |
| 3       | Su-Raj Diamonds & Jewelry USA, Inc. | U.S.A.                        |
| 4       | Su-Raj Diamond (H.K.) Limited       | Hong Kong                     |

## MANAGEMENT

### Management Discussion and Analysis

Management Discussion and Analysis report forms part of the Annual Report and has been detailed separately in the report.

### Disclosures on materially significant related party transactions

None of the transactions with related parties were in conflict with the interest of the Company.

Disclosures of transactions with related parties are set out in Schedule 31 to Annual Accounts, forming part of the Annual Report.

### Details of non-compliance by the Company

No instance of non-compliance by the Company on any matter related to capital markets during the last three years has been reported and

therefore no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

### Code for prevention of insider trading practices

The Company has instituted a code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Winsome Diamonds and Jewellery Limited, and cautioning them of the consequences of violations.

### CEO/CFO certification

The certification of the financial statements and the cash flow statement for the year is enclosed at the end of the report.

## SHAREHOLDERS

### Appointment / Re-appointment of Directors

According to the Articles of Association of the Company, one-third of its Directors retire every year.

Mr. Dilip Tikle, Director, retire by rotation and being eligible, offer himself for re-appointment at the forthcoming Annual General Meeting.

The brief particulars of the Directors seeking appointment/re-appointment is given below:

#### Mr. Dilip P. Tikle

Mr. Dilip P. Tikle was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 14<sup>th</sup> February, 2011.

Mr. Dilip P. Tikle is a Fellow of Institute of Electronics and Telecommunication Engineers (FIETE). He has also been the Scientific Advisor for Defense to Prime Minister for his significant contribution to Integrated Guided Missile Development Program (IGMDP). Mr. Dilip Tikle has received several recognitions and awards including "Pride of ACTS" of C-DAC at 28th Convocation to a more offbeat "Gun Gaurav Padak" of Pune Municipal Corporation for saving lives at Lakshadweep Island. His mission is "effective use of ICT for masses, especially in the field of education and governance." Mr. Dilip Tikle is closely associated with many NGO's who are working in the field of education, innovation and eco-sustainable village development in remote and tribal area.

#### Mrs. Urvashi Saxena

Mrs. Urvashi Saxena was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 12<sup>th</sup> November, 2011.

Mrs. Urvashi Saxena completed her graduation and post-graduation from the University of Allahabad, in 1965 and 1967 respectively, she joined the Indian Revenue Service in 1968. She took her Law degree from the Lucknow University in 1983. She held several important assignments in the Income Tax Department like being the first lady D.D.I. (Investigation) in charge of raids in Mumbai and the first lady Chief Commissioner in Mumbai. She received several citations, rewards and awards for her distinguished service during a long and fulfilling career of 37 years. After retirement she was appointed as member of the Income Tax Settlement Commission where she rose to the position of Vice-Chairperson and finally retired as the Chairperson in June 2007. Presently, she is a partner in a Law firm. Her areas of specialisation include International Taxation and Transfer Pricing issues. She is also on the Board of Directors of several Companies like Gammon India Limited, Elder Pharma, Elder Health Care, Sharda International. Her other areas of interest are reading, writing, travelling, music, philanthropy and social service.

#### Mr. Harady Rathnakar Hegde

Mr. Harady Rathnakar Hegde was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 14<sup>th</sup> February, 2012.

Mr. Rathnakar Hegde is a Non Executive Director of the Company. He has been appointed on the Board with effect from 14<sup>th</sup> February, 2012. Mr. H. Rathnakar Hegde has served the banking industry for four

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decades. His most recent stint was the position of an Executive Director of the Oriental Bank of Commerce (OBC), a premier public sector bank in India. Mr. Hegde assumed his responsibilities at OBC on 16<sup>th</sup> May, 2008. At Oriental Bank of Commerce, he was an integral board member who assisted the Chairman & Managing Director in forming a well focused and cohesive Top Management Team. Prior to this, Mr. Hegde held the position of General Manager (Credit, Human Resource, Treasury, Marketing) at Vijaya Bank that was the culmination of 38 years of exemplary service in various capacities. Mr. Hegde brings with him, a formidable wealth of knowledge of the Indian banking industry.

### Mr. Madan B. Khurjekar

Mr. Madan B. Khurjekar is a Non-Executive Director of the Company. He has been inducted on the Board on 30<sup>th</sup> January, 2010. He is a Science Graduate and has passed CAIIB. Mr. Khurjekar was General Manager of Central Bank of India. He has represented the Bank at International Seminars held at Cambridge London and United States of America. Mr. Khurjekar was on Board of Central Warehousing Corporation, a Mini Ratna of Government of India.

### Mr. Sharad B. Bhagwat

Mr. Sharad B. Bhagwat is a Non-Executive Director of the Company. He has been appointed on Board with effect from 14<sup>th</sup> February, 2011. Mr. Sharad B. Bhagwat is a Fellow member of Institute of Chartered Accountants of India. He is a senior partner and in-charge of Banking Services Division, Pune office of Kirtane & Pandit, Chartered Accountants (KPCA). He was also an elected member of Western India Regional Council of the ICAI for two successive terms and held the positions of Treasurer and Vice-Chairman. He has worked with a Nationalised Bank in various capacities, including as a Zonal Manager, for nearly 30 years. While with KPCA, Mr. Bhagwat has worked for many clients in the Banking Industry and has handled various assignments like Concurrent Audits, Branch Statutory Audits for various Nationalised Banks, Central Statutory Audits of Public Sector Banks and Private Banks.

### Communication with shareholders

Winsome Diamonds and Jewellery Limited has its own web-site [www.winsomejewellery.com](http://www.winsomejewellery.com) and all important information relating to the Company, including results, press releases, etc. are posted on web-site. The results of the Company are published in leading newspapers like Financial Express/Business Standard/Mumbai Samachar, Nav Gujarat Times and Gandhinagar Western Times.

### Investor Grievances

The Company has constituted a Shareholders/Investors Grievances Committee for redressing shareholders' complaints, as mentioned earlier in this report. Grievance redressal division/compliance officer's e-mail ID as per clause 47(f) of Listing Agreement, exclusively for the purpose of registering complaints by investors:

[cs@winsomejewellery.com](mailto:cs@winsomejewellery.com)

### Compliance

Certificate from the Auditors of the Company, M/s. R.C. Reshamwala & Company, Chartered Accountants, confirming the compliance with the conditions of corporate governance, as stipulated under Clause 49 of Listing Agreement, is annexed to the Directors Report forming part of the Annual Report.

### General Body Meetings

| Year      | Location   | Date  | Time       |
|-----------|--|---|------------|
| 2008-2009 | Mahida Bhavan<br>Icchanath<br>Opp. S.V.R.<br>Engineering College,<br>Dumas Road,<br>Surat 395007 | 30 <sup>th</sup> September, 2009 *  | 11.30 a.m. |
| 2009-2010 |  | 30 <sup>th</sup> September, 2010 **                                       | 11.30 a.m. |
| 2010-2011 |  | 30 <sup>th</sup> September, 2011***<br>18 <sup>th</sup> January, 2012**** | 11.30 a.m. |

\* The following Special Resolutions were passed at the Annual General Meeting held on 30<sup>th</sup> September, 2009:

- (i) Increase of limit of investment for Foreign Institutional Investors (FIIs) to 49%.
  - (ii) Preferential issue of equity shares to Foreign Institutional Investors (FIIs).
- \*\* The following Special Resolutions were passed at the Annual General Meeting held on 30<sup>th</sup> September, 2010:
- (i) Preferential issue of equity shares to Foreign Institutional Investors (FIIs).
  - (ii) Preferential issue of convertible warrants to Promoters Group.
  - (iii) Increase of limit of investment for Foreign Institutional Investors (FIIs) to 65%.
- \*\*\* The following Special Resolutions were passed at the Annual General Meeting held on 30<sup>th</sup> September, 2011:
- (i) Payment of Commission to Mr. Jatin R. Mehta, Chairman of the Company upto 0.50% of the Net Profit.
  - (ii) Increase of limit of investment for Non Resident of Indians (NRIs) upto an aggregate 24%.
  - (iii) Increase of Authorised Share Capital of the Company and Alteration of Article 4 of the Articles of Association
- \*\*\*\* A Special Resolution under Section 81(1A) of the Companies Act, 1956 for Preferential Issue of Equity Shares was passed at the Extra Ordinary General Meeting held on 18<sup>th</sup> January, 2012.

### General Shareholder Information:

#### Annual General Meeting:

Date, time and venue  
29<sup>th</sup> September, 2012, 12.30 p.m.  
Mahida Bhavan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007.

#### Financial Calendar (tentative)

##### Financial year:

1<sup>st</sup> April to 31<sup>st</sup> March

#### Results for the quarter ending 30<sup>th</sup> June, 2012

Second week of August, 2012.

#### Results for the quarter ending 30<sup>th</sup> September, 2012

Second week of November, 2012.

#### Results for the quarter ending 31<sup>st</sup> December, 2012

Second week of February, 2013.

#### Results for year ending 31<sup>st</sup> March, 2013

Last week of May, 2013.

#### Date of Book Closure Period

27<sup>th</sup> September, 2012 to 29<sup>th</sup> September, 2012 (both days inclusive).

#### Listing of Equity Shares on Stock Exchanges and Payment of Listing Fees

**BSE Limited** Scrip Code: 507892  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai 400 023

**National Stock Exchange of India Limited** Symbol: WINSOMEDJ  
Exchange Plaza, C-1, Block-G Series : EQ  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai 400 051

The Annual Listing Fees for the financial year 2011-2012 has been paid by the Company to the stock exchanges.

**DEMAT SEGMENT**

ISIN : INE664A01015



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## Market Price Data :

The price of the Company's Equity Shares-High, Low during each month in the last financial year:

| MONTH           | BSE<br>(in Rs. per share) |       | NSE<br>(in Rs. per share) |       | Indices : Sensex |          |
|-----------------|---------------------------|-------|---------------------------|-------|------------------|----------|
|                 | High                      | Low   | High                      | Low   | High             | Low      |
| April, 2011     | 60.50                     | 49.80 | 60.40                     | 48.05 | 19811.14         | 18976.19 |
| May, 2011       | 59.35                     | 52.00 | 59.90                     | 52.10 | 19253.87         | 17786.13 |
| June, 2011      | 55.50                     | 43.20 | 56.00                     | 38.70 | 18873.39         | 17314.38 |
| July, 2011      | 54.90                     | 44.55 | 54.80                     | 46.00 | 19131.70         | 18131.86 |
| August, 2011    | 51.85                     | 39.20 | 52.00                     | 39.10 | 18440.07         | 15765.53 |
| September, 2011 | 51.00                     | 42.05 | 51.00                     | 42.05 | 17211.80         | 15801.01 |
| October, 2011   | 49.40                     | 42.05 | 49.50                     | 42.05 | 17908.13         | 15745.43 |
| November, 2011  | 50.40                     | 35.50 | 50.55                     | 35.70 | 17702.26         | 15478.69 |
| December, 2011  | 42.15                     | 36.25 | 42.05                     | 36.25 | 17003.71         | 15135.86 |
| January, 2012   | 49.30                     | 37.50 | 49.45                     | 37.60 | 17258.97         | 15358.02 |
| February, 2012  | 59.00                     | 45.20 | 59.45                     | 45.80 | 18523.78         | 17061.55 |
| March, 2012     | 52.35                     | 42.55 | 52.35                     | 42.20 | 18040.69         | 16920.61 |

## Registrar and Transfer Agent:

### Link Intime India Pvt. Limited

Unit: Winsome Diamonds and Jewellery Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Road  
Bhandup (West), Mumbai 400 078.

Phone : (91-22) 25946970.

Fax : (91-22) 2594 6969 / 2596 2691.

E-Mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## Share Transfer System

Shareholders/Investors are requested to send the share transfer related documents directly to the Company's Registrar & Transfer Agent, **Link Intime India Pvt. Limited** whose address is given above. Shareholder's/Investor's Grievance Committee is authorized to approve the registration of transfer of shares in the physical segment. All share transfer is completed within statutory time limit from the date of receipt, provided documents meet the stipulated requirement of statutory provisions in all respects.

## Company's Registered Office Address:

Winsome Diamonds and Jewellery Limited  
Kesharba Market – 2, Gotalawadi  
Katargam, Surat – 395 004  
Gujarat State, India  
Phone: 0261-2535055 Fax: 0261-2533435

## Investor's Service Cell:

Winsome Diamonds and Jewellery Limited  
906/907/908, 9<sup>th</sup> Floor, The Plaza  
Near Dharam Palace, 55, Gamdevi  
Grant Road, Mumbai-400007  
Phone: (022) 49200300 Fax (022) 49200333  
E-mail: [cs@winsomejewellery.com](mailto:cs@winsomejewellery.com)

## Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are compulsorily traded in electronic form with effect from 28<sup>th</sup> August, 2000. The shareholders who have not yet dematerialized their shares are requested to dematerialize the same by opening DP Account with nearest Depository Participants at the earliest to avail the benefits of dematerialisation.

The total number of shares dematerialized as on 31<sup>st</sup> March, 2012 are 10,02,64,960 shares representing 96.77% of Share Capital. The Equity Shares of the Company are frequently traded at BSE Limited and National Stock Exchange of India Limited (BSE & NSE).

## Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity :

34,00,000 Convertible Warrants had been issued to Promoter group Company, namely Kohinoor Diamonds Private Limited on Preferential basis on 14<sup>th</sup> October, 2010 at a price of Rs.70/- per instrument.

During the year, the Company has made an allotment of 4,00,000 Convertible Warrants to Kohinoor Diamonds Private Limited on exercise of their option to convert equivalent No. of warrants.

As on 31<sup>st</sup> March, 2012, 30,00,000 Convertible Warrants were pending for conversion. On 13<sup>th</sup> April, 2012, Kohinoor Diamonds Private Limited, the warrant holder were allotted 30,00,000 Equity shares on conversion of equivalent No. of Warrants by virtue of which the paid up Share capital was increased from Rs.103,60,78,940/- to Rs. 106,60,78,940/-.

An amount equivalent to 25% of the price had been paid on each Warrant at the time of their allotment and the balance 75% were paid at the time of allotment of Equity Share on conversion of equivalent no. of warrants.

## Location of Factories:

- 143-D Bommasandra Industrial Area, Hosur Road, Hebbagodi, Bangalore – 562 158.
- Plot No.1 and 1A, Tivim Industrial Estate, Karaswada, Mapusa, Goa – 403 526.
- E-7, Marudhara Industrial Estate, IInd Phase, Basni, Jodhpur – 342 005.
- Kesharba Market-2, Gotalawadi, Katargam, Surat – 395 004.
- Manikanchan Special Economic Zone, Plot No.1, Block-CN, Sector-5, Salt Lake City, Kolkata – 700 091.
- Plot No. 17/SDF, 2<sup>nd</sup> Floor, Cochin Special Economic Zone, Kakkanad, Kochi – 682 037, Kerala.
- Plot No. 17/SDF, 4<sup>th</sup> Floor, Cochin Special Economic Zone, Kakkanad, Kochi – 682 037, Kerala.
- Unit No.46, 2<sup>nd</sup> Floor, SDF-III, MEPZ-SEZ, Tambaram, Chennai – 600 045.



# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## Shareholding pattern as on 31<sup>st</sup> March, 2012

| CATEGORY  | NO. OF SHARES HELD  | % OF SHARE HOLDING |
|---|---------------------|--------------------|
| <b>A. Promoter's Holding</b>  |                     |                    |
| <b>1. Promoters</b>   |                     |                    |
| i) Indian Promoters:  |                     |                    |
| a. Individuals  | 67,580              | 0.07               |
| b. Bodies Corporate   | 2,24,51,588         | 21.67              |
| ii) Foreign Promoters   | 34,52,896           | 3.33               |
| <b>2. Persons acting in Concert</b>   | -                   | -                  |
| <b>Sub Total</b>  | <b>2,59,72,064</b>  | <b>25.07</b>       |
| <b>B. Non-Promoters Holding</b>   |                     |                    |
| <b>3. Institutional Investor</b>  |                     |                    |
| a. Mutual Funds and UTI   | 36,500              | 0.04               |
| b. Banks, Financial Institutions (Central / State Government Institutions/ Non-Government Institutions) | 39,593              | 0.04               |
| c. Insurance Companies  | -                   | -                  |
| d. FIIs   | 6,05,60,109         | 58.45              |
| <b>Sub Total</b>  | <b>6,06,36,202</b>  | <b>58.53</b>       |
| <b>4. Others</b>  |                     |                    |
| a. Private Corporate Bodies   | 17,55,303           | 1.69               |
| b. Indian Public  | 1,46,64,806         | 14.15              |
| c. NRIs   | 5,75,935            | 0.56               |
| d. Any Other (Non-executive Directors and their Relatives)  | 3,584               | 0.00               |
| <b>Sub Total</b>  | <b>1,69,99,628</b>  | <b>16.40</b>       |
| <b>GRAND TOTAL</b>  | <b>10,36,07,894</b> | <b>100.00</b>      |

## Distribution of Shareholding as on 31<sup>st</sup> March, 2012

| Shareholding of Nominal Value of ₹ | No. of Share-holders | % to Total    | Total Amount (₹)  | % to Total    |
|------------------------------------|----------------------|---------------|-------------------|---------------|
| Up to 5,000                        | 43030                | 89.65         | 64286850          | 6.20          |
| 5,001 to 10,000                    | 2915                 | 6.07          | 22424760          | 2.16          |
| 10,001 to 20,000                   | 1122                 | 2.34          | 16869520          | 1.63          |
| 20,001 to 30,000                   | 315                  | 0.66          | 7953800           | 0.77          |
| 30,001 to 40,000                   | 138                  | 0.29          | 4986220           | 0.48          |
| 40,001 to 50,000                   | 138                  | 0.29          | 6449350           | 0.63          |
| 50,001 to 1,00,000                 | 184                  | 0.38          | 13475340          | 1.30          |
| 1,00,001 and above                 | 158                  | 0.32          | 899633100         | 86.83         |
| <b>Total</b>                       | <b>48000</b>         | <b>100.00</b> | <b>1036078940</b> | <b>100.00</b> |

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

(As required by Clause 49 of the Listing Agreement(s) entered into with the Stock Exchanges)

To

The Shareholders and the Board of Directors

### Winsome Diamonds and Jewellery Limited

We, R. Ravichandran, Director-Operations and Jaikumar Kapoor, Chief Financial Officer (CFO), of Winsome Diamonds and Jewellery Limited, to the best of our knowledge and belief, certify that:

- 1) We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2012 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
- 2) To the best of our knowledge and information:
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 3) We also certify, that based on our knowledge and belief there are no transactions entered into by the Company, which are fraudulent, illegal or violative of the Company's Code of Business Conduct and Ethics.
- 4) The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
- 5) The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the company's auditors and through them to the Audit Committee of the Company's Board of Directors:
  - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
  - b) Significant changes in internal control during the year;
  - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control system;
  - d) Significant changes in accounting policies during the year.

We further declare that all the Board Members and Senior Management of the Company have affirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31<sup>st</sup> March, 2012.

Mumbai  
27<sup>th</sup> August, 2012

**R. Ravichandran**    **Jaikumar Kapoor**  
Director-Operations    Chief Financial Officer

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## Details of other Directorships held:

| Sr. No.                                       | Name of the Director          | Directorship   | Committee Membership | Committee Chairmanship            |                 |  |
|---|-------------------------------|--|----------------------|-----------------------------------|-----------------|--|
| 1   | Mr. Jatin R. Mehta            | Forever Precious Jewellery and Diamonds Limited        |                      |                                   |                 |  |
|   |                               | Revah Corporation Limited                              | Audit Committee      |                                   |                 |  |
|   |                               | Carbon Accessories Limited                             |                      |                                   |                 |  |
|   |                               | Peacock Jewellery Limited                              | Audit Committee      |                                   |                 |  |
| 2   | Mr. Lakhpatraj Bhansali       | Professional Diamonds Limited                          |                      |                                   |                 |  |
| 3   | Mr. K. N. Bhandari            | Andhra Cements Limited                                 | Audit Committee      |                                   |                 |  |
|   |                               | Agriculture Insurance Company of India Limited         |                      | Audit Committee                   |                 |  |
|   |                               | Credence Logistics Limited                             |                      |                                   |                 |  |
|   |                               | Hindalco Industries Limited                            |                      |                                   |                 |  |
|   |                               | Saurashtra Cement Limited                              |                      |                                   |                 |  |
|   |                               | Shristi Infrastructure Development Corporation Limited | Audit Committee      |                                   |                 |  |
|   |                               | Magma Fincorp Limited                                  |                      |                                   |                 |  |
|   |                               | Magma HDI General Insurance Co. Limited                |                      |                                   |                 |  |
|   |                               | KSL and Industries Limited                             |                      |                                   |                 |  |
|   |                               | Jay Bharat Textiles & Real Estate Limited              |                      |                                   |                 |  |
|   |                               | NRC Limited  |                      |                                   |                 |  |
|   |                               | Ken Bee Consultants Limited                            |                      |                                   |                 |  |
|   |                               | 4  | Mr. G. P. Gupta      | Emkay Investment Managers Limited | Audit Committee |  |
|   |                               |  |                      | SIDBI Venture Capital Limited     |                 |  |
| Dighi Port Limited                            |                               |  |                      |                                   |                 |  |
| Swaraj Engines Limited                        |                               |  |                      | Audit Committee                   |                 |  |
| Birla Sun Life Insurance Company Limited      |                               |  |                      | Audit Committee                   |                 |  |
| Aditya Birla Nuvo Limited                     | Audit Committee               |  |                      |                                   |                 |  |
| Emkay Global Financial Services Limited       | Audit Committee               |  |                      |                                   |                 |  |
| Landmark Property Development Company Limited |                               |  |                      | Audit Committee                   |                 |  |
| Idea Cellular Limited                         |                               |  |                      | Audit Committee                   |                 |  |
| Aditya Birla Retail Limited                   | Audit Committee               |  |                      |                                   |                 |  |
| 5   | Mrs. Shrelekha V. Parikh      | Nil  |                      |                                   |                 |  |
| 6   | Mr. Madan B. Khurjekar        | Forever Precious Jewellery and Diamonds Limited        | Audit Committee      |                                   |                 |  |
| 7   | Mr. Sharad B. Bhagwat         | Nil  |                      |                                   |                 |  |
| 8   | Mr. Dilip P. Tikle            | Nil  |                      |                                   |                 |  |
| 9   | Mrs. Urvashi Saxena           | Gammon India Limited                                   | Audit Committee      |                                   |                 |  |
|   |                               | Elder Pharmaceuticals Limited                          |                      |                                   |                 |  |
|   |                               | Elder Healthcare Limited                               | Audit Committee      |                                   |                 |  |
|   |                               | Kosi Bridge Infrastructure Company Limited             |                      |                                   |                 |  |
| 10  | Mr. Harady Rathnakar<br>Hegde | Sical Logistics Limited                                |                      |                                   |                 |  |
|   |                               | Sical Iron Ore Terminals Limited                       |                      |                                   |                 |  |
|   |                               | Kajaria Ceramics Limited                               |                      |                                   |                 |  |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## Management Discussion and Analysis

### INDUSTRIAL STRUCTURE AND DEVELOPMENTS

#### GLOBAL OUTLOOK

There are distinct signs of a slowdown in global economic growth. The Euro-zone has been worse affected with deepening recession in many countries. Leading Rating agencies have downgraded their 2012 growth forecasts for China and Brazil and also for Korea and Taiwan. With relatively subdued growth of the US and emerging economies coupled with no prospect of early recovery in the Euro-zone, overall sentiments are depressed and most corporates have adopted a cautious and risk averse approach. It was the developing countries and economies in transition that provided little impetus for growth in the year 2011.

#### INDIAN ECONOMY OVERVIEW

Indian economy grew at 6.9% in FY 2011-12 as against growth of 8.4% recorded in FY 2010-11 largely due to weakening industrial growth.

#### INDUSTRIAL STRUCTURE AND DEVELOPMENTS

Gem & Jewellery is one of the important sectors of the Indian Economy as it is one of the leading foreign exchange earners for the country with 14% share in country's total exports and being labour intensive, generates substantial direct and indirect employment opportunities.

|   | EXPORTS                 | FY 2011-12  | FY 2010-11 | GROWTH  |
|---|-------------------------|-------------|------------|---------|
|   |                         | USD BILLION |            |         |
| A | Cut & Polished Diamonds | 23.3        | 28.2       | - 17.3% |
| B | Gold Jewellery          | 19.5        | 14.8       | + 32.0% |
| C | Total                   | 42.8        | 43.0       | - 0.4%  |

Source : Gem & Jewellery Export Promotion Council

Rough diamond prices went up by over 40% during first 8 months of 2011 only to witness steep decline of 16% in the later part of the year. High volatility in price compelled production units to scale down their operations as diamonds take relatively long time to move through the value chain from rough acquisition to polished sales. Increase in exports of jewellery was driven mainly by increase in price of gold.

#### OPPORTUNITIES & THREATS

##### OPPORTUNITIES

The Company anticipates that the economic growth in emerging markets like Hong Kong, Russia and Middle-East will lead to an increase in demand. The resurgence of the established global economies will provide further impetus. In any case, gold jewellery has always been exhibiting positive outlook as it is not only considered a fashion product but also as one of the safest mode of investment. The price elasticity of gold is high with every decline in price of gold resulting in more than proportionate increase in its demand. The company's state-of-the-art facilities, reservoir of designs, skilled craftsmen and ability to manufacture high volumes at low cost due to economies of scale will enable it to leverage the opportunities.

##### THREATS

Increasing efforts by neighbouring countries to be the members of the value chain have posed a serious threat. China is fast emerging as a significant competitor for the Indian Gem & Jewellery industry with its automated factories manufacturing high quality, competitively priced jewellery. Absence of any significant policy initiative by the Government will further reduce India's competitive position as diamond and jewellery exporter.

### PRODUCTWISE PERFORMANCE

(Rs. Lacs)

| SEGMENTS  | FY 2011-12 |       | FY 2010-11 |       |
|-----------|------------|-------|------------|-------|
|           | Sales      | PBIDT | Sales      | PBIDT |
| DIAMONDS  | 90324      | 2752  | 88596      | 2509  |
| JEWELLERY | 462583     | 12854 | 332386     | 10947 |
| BULLION   | 111496     | 384   | 91657      | 477   |
| TOTAL     | 664403     | 15990 | 512639     | 13933 |

#### OUTLOOK

The Company is optimistic about business prospects as well as its capabilities. While the global recovery is yet subject to uncertainties, over-all outlook remains positive on the back of sustained growth of demand especially in emerging economies. Resurgence of established global economies will provide further impetus.

#### RISKS AND CONCERNS

The nature of the Company's business exposes it to certain inherent risks and concerns. Currency risk arises from exposure to foreign currencies as most of the requirement of rough diamonds and of gold is being met by way of imports and almost entire turnover of the company comprise exports. The risk is being mitigated through Forward and Option contracts. Availability of adequate quantity of rough diamonds and volatility in gold price are matters of concern. The company, however, has long term arrangements for regular supplies of diamonds and is importing gold mainly on unfixed price basis and price is fixed subsequently on back-to-back basis with overseas customers so as to mitigate these risks. Dependence on any specific geographic location(s) / market(s) can impact company's business in case of economic slowdown therein. With a view to mitigate this risk, the company, over the years, has tapped markets in Middle East, Far East and Europe besides USA.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control systems commensurate with its size and nature of business to ensure efficiency of operations, compliance with applicable laws and other statutory regulations as well as with internal controls, protection of resources and assets and accurate reporting of financial transactions. These systems are supplemented by extensive internal audits and are monitored, reviewed and updated on a continuous basis to ensure complete alignment with evolving technological needs.

#### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL

##### PERFORMANCE

The turnover increased from Rs.512639 lacs during FY 2010-11 to Rs.664403 lacs during FY 2011-12. The increase in turnover was mainly driven by increase in price of gold and depreciation of rupee vis-à-vis dollar and growth with regard to level of operations in quantitative term was very moderate. Although there has been marginal increase in Profit Before Tax from Rs.11821 lacs during FY 2010-11 to Rs.12028 lacs during FY 2011-12, over-all profitability declined, especially in the last quarter of the year. Further, due to higher incidence of corporate tax, Profit After Tax declined from Rs. 11165 lacs during FY 2010-11 to Rs.9575 lacs during FY 2011-12. The company does not forecast any significant growth in level of operations during FY 2012-13.

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## HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company considers its human resources as amongst its most valuable assets and continues to place emphasis on their development through requisite training, congenial working conditions and element of competition to enable them to realize their potential. The overall industrial relations in the company have been cordial.

## CAUTIONARY STATEMENT

Statements in the Management Discussion & Analysis describing Company's objectives, projections, estimates and expectations may be 'Forward Looking Statements' within the meaning of applicable laws and regulations. Actual results could materially differ from those

expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand / supply and price conditions in overseas markets, changes in government regulations and tax laws and other incidental factors. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.

**On behalf of the Board of Directors**

**Mumbai, 27<sup>th</sup> August, 2012**

**Chairman**

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
Winsome Diamonds and Jewellery Limited

We have examined the compliance of conditions of Corporate Governance by **WINSOME DIAMONDS AND JEWELLERY LIMITED**, for the year ended on 31<sup>st</sup> March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for the purpose of the review and the information and explanations given to us by the Company during the course of such review.

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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For R.C. RESHAMWALA & CO.  
CHARTERED ACCOUNTANTS  
FRN : 108832W**

**RAJNIKANT C. RESHAMWALA  
PARTNER  
MEMBERSHIP NO. 5502**

**MUMBAI : 27<sup>th</sup> August, 2012**

# WINSOME DIAMONDS AND JEWELLERY LIMITED

## (Formerly Su-Raj Diamonds And Jewellery Limited)



### AUDITORS' REPORT TO THE MEMBERS OF WINSOME DIAMONDS AND JEWELLERY LIMITED

We have audited the attached Balance Sheet of **WINSOME DIAMONDS AND JEWELLERY LIMITED** (Formerly Su-Raj Diamonds And Jewellery Limited) as at **31<sup>st</sup> March, 2012** and annexed thereto the related Statement of Profit and Loss and Cash Flow Statement of the Company 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.

1. We have conducted our audit in accordance with 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.
2. As required, by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters prescribed in Paragraphs 4 and 5 of the said order concerning the company.
3. Further, to our comments, in the Annexure referred to in paragraph 2 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account, as required by law have been kept by the company, so far as appears from our examination of these books;
  - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, comply with Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - (v) On the basis of written representations received from the directors of the Company as on 31<sup>st</sup> March, 2012, and taken on record by the Board of Directors, we report that no director is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, read with the notes thereon and attached thereto 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 the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
    - (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date;  
and
    - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For R.C. RESHAMWALA & CO.**  
**CHARTERED ACCOUNTANTS**  
**FRN : 108832W**

**RAJNIKANT C. RESHAMWALA**  
**PARTNER**  
**MEMBERSHIP NO. 005502**

**Mumbai, 27<sup>th</sup> August, 2012**



# ANNUAL REPORT 2011-2012

## ANNEXURES TO THE AUDITORS' REPORT

(Referred to in para 2 of our auditors report of even date on the accounts for the year ended 31<sup>st</sup> March, 2012 of WINSOME DIAMONDS AND JEWELLERY LIMITED.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

1. (a) The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable considering the size and nature of its business, and no material discrepancies have been noticed on such verification.
  - (c) Substantial part of fixed assets have not been disposed off during the year. As such the determination as to whether it has affected the going concern does not arise.
2. (a) The management, at regular intervals, has done physical verification of the inventory. In our opinion, the frequency of the verification is reasonable
  - (b) 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) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) As per the information and explanations given to us and the records produced before us for our verification, the Company has not granted unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) As the company has not given any loans to parties mentioned in Para 3(a) above, the question of determining whether the rate of interest and other terms and conditions of loans taken by the company being prima facie prejudicial to the interest of the company does not arise.
  - (c) Similarly the question of repayment of principal amount and interest on such loans does not arise.
  - (d) The company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies act, 1956.
  - (e) As the company has not taken any loans from parties mentioned in Para 3(d) above, the question of determining whether the rate of interest and other terms and conditions of loans taken by the company being prima facie prejudicial to the interest of the company does not arise.
  - (f) Similarly the question of repayment of principal amount and interest on such loans does not arise.
4. In our opinion and according to the explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regards
  - to purchases of inventory, fixed assets and sale of goods and services. During the course of the audit we have not observed any continuing failure to correct major weaknesses in internal control.
5. (a) According to the information and explanations given to us and on the basis of the checks carried out by us, there are no contracts or arrangements referred to in Section 301 of the Act required to be entered in the register maintained under that section.
  - (b) As the company has not entered into any contracts or arrangements with the parties mentioned in Para 5(a) above, the question of determining whether the prices are reasonable having regards to prevailing market price does not arise.
6. The Company has not accepted deposits from the public. As such, the question of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other provisions of the Act and rules framed thereunder does not arise.
7. In our opinion, the company, which is a listed company, has an adequate Internal Audit System commensurate with its size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government of India under clause(d) of Sub-Section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that, prima facie the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. No undisputed amounts are outstanding for more than six months at the end of the accounting year.
  - (b) According to the information and explanations given to us and the records of the Company as examined by us, there are no disputed dues of income-tax, sales-tax, VAT, service tax, customs duty, excise duty, wealth tax and cess, which have not been deposited.
10. The company has no accumulated losses and the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted on repayments of dues to banks and financial institutions. There are no debentures issued by the company and as such the question of default in payment to debenture holders does not arise.
12. As informed to us, the company has not granted any loans and advances on the basis of security by way of pledge of any shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion and according to the explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. The company has only invested in shares of subsidiaries / group companies for which proper records have been maintained. The said investments are held by the Company in its own name.
15. As informed to us, the company has given guarantees for credit facilities taken by its overseas subsidiaries from banks. The terms and conditions of the guarantees are not prima-facie prejudicial to the interests of the Company.
16. On the basis of the review of the utilization of funds pertaining to term loans on overall basis and related information as made available to us by the Company, prima facie the term loans taken by the Company were applied for the purpose for which they had been raised.
17. According to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow of the company, prima facie no funds raised on short-term basis have been used for long-term investments.
18. The company has not issued any Preferential Allotment of shares to companies covered under section 301 of the Companies Act, 1956. Therefore, the provision of clause 4(xviii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
19. The company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
20. During the year under review, apart from amounts received on calls in arrears, the company has not raised any monies by way of public issues. Hence the question of verification of end use of monies raised in public issue as per the provision of clause 4(xx) of the Companies (Auditor's Report) Order 2003 does not arise.
21. On the basis of our examinations and according to the information and explanations given to us, no fraud/s on or by the company has been noticed or reported during the course of the audit.

**For R. C. RESHAMWALA & CO.**  
**CHARTERED ACCOUNTANTS**  
**FRN : 108832W**

**RAJNIKANT C. RESHAMWALA**  
**PARTNER**  
**MEMBERSHIP NO. 005502**

**Mumbai, 27<sup>th</sup> August, 2012**

# ANNUAL REPORT 2011-2012

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

(₹ in Lacs)

|   | Note    | Current Year | Current Year   | Previous Year  |
|---|---------|--------------|----------------|----------------|
| <b>I. EQUITY AND LIABILITIES</b>                  |         |              |                |                |
| <b>(1) Shareholders' Funds</b>                    |         |              |                |                |
| (a) Share Capital                                 | 2       | 10,347       |                | 6,671          |
| (b) Reserves and Surplus                          | 3       | 114,742      |                | 88,563         |
| (c) Money received against share warrants         | 4       | 525          |                | 595            |
|   |         |              | 125,614        | 95,829         |
| <b>(2) Non-Current Liabilities</b>                |         |              |                |                |
| (a) Long-Term Borrowings                          | 5       | 97           |                | 246            |
| (b) Deferred Tax Liabilities (Net)                | 6       | 576          |                | 522            |
|   |         |              | 673            | 768            |
| <b>(3) Current Liabilities</b>                    |         |              |                |                |
| (a) Short-Term Borrowings                         | 7       | 51,275       |                | 53,285         |
| (b) Trade Payables                                | 8       | 287,000      |                | 203,967        |
| (c) Other Current Liabilities                     | 9       | 543          |                | 528            |
| (d) Short-Term provisions                         | 10      | 123          |                | 1,105          |
|   |         |              | 338,941        | 258,885        |
| <b>TOTAL</b>                                      |         |              | <b>465,228</b> | <b>355,482</b> |
| <b>II. ASSETS</b>                                 |         |              |                |                |
| <b>(1) Non-Current Assets</b>                     |         |              |                |                |
| (a) Fixed Assets                                  |         |              |                |                |
| (i) Tangible Assets                               | 11      | 6,389        |                | 5,307          |
| (ii) Intangible Assets                            | 12      | 34           |                | 31             |
| (iii) Capital Work in Progress                    | 13      | 69           |                | 121            |
| (b) Non-Current Investments                       | 14      | 9,167        |                | 15,494         |
| (c) Long-term Loans and Advances                  | 15      | 1,206        |                | 1,273          |
|   |         |              | 16,865         | 22,226         |
| <b>(2) Current Assets</b>                         |         |              |                |                |
| (a) Current Investments                           | 16      | 6,619        |                | 1              |
| (b) Inventories                                   | 17      | 56,884       |                | 49,140         |
| (c) Trade Receivables                             | 18      | 354,712      |                | 244,622        |
| (d) Cash and Cash Equivalents                     | 19      | 26,894       |                | 36,997         |
| (e) Short-Term Loans and Advances                 | 20      | 3,254        |                | 2,496          |
|   |         |              | 448,363        | 333,256        |
| <b>TOTAL</b>                                      |         |              | <b>465,228</b> | <b>355,482</b> |
| <b>Summary of Significant Accounting Policies</b> | 1       |              |                |                |
| <b>Notes on Financial Statements</b>              | 2 to 39 |              |                |                |

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**

Chartered Accountants  
(FRN 108832W)

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

Mumbai, 27<sup>th</sup> August, 2012

**Asish Narayan**  
Company Secretary

For and on behalf of the Board

**Madan B. Khurjekar**

Director

**Ramesh I. Parikh**

Director - Finance

**R. Ravichandran**

Director - Operations

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ in Lacs)

|  | Note    | Current Year   | Previous Year  |
|--|---------|----------------|----------------|
| <b>REVENUE</b>   |         |                |                |
| I. Revenue from Operations                               | 21      | 554,667        | 432,028        |
| II. Other Non-Operating Income                           | 22      | 5,188          | 6,600          |
| <b>III. Total Revenue (I+II)</b>                         |         | <b>559,855</b> | <b>438,628</b> |
| <b>IV. EXPENSES</b>                                      |         |                |                |
| Cost of Materials Consumed                               | 23      | 536,267        | 409,381        |
| Purchases of Stock-in-trade                              |         | 1,073          | 9,967          |
| Changes in Inventories of Finished goods, Stock-in-trade |         | (8,457)        | (2,919)        |
| Employee Benefits Expenses                               | 24      | 680            | 532            |
| Finance Costs  | 25      | 8,344          | 6,334          |
| Depreciation and Amortization Expense                    | 11 & 12 | 806            | 714            |
| Other Expenses   | 26      | 9,113          | 2,798          |
| <b>Total Expenses</b>                                    |         | <b>547,826</b> | <b>426,807</b> |
| <b>V. Profit before Tax (III-IV)</b>                     |         | <b>12,029</b>  | <b>11,821</b>  |
| <b>VI Tax Expense of continuing operations:</b>          |         |                |                |
| Current Tax  |         | 2,400          | 700            |
| Deferred Tax   | 6       | 54             | (44)           |
|  |         | <b>2,454</b>   | <b>656</b>     |
| <b>VII Profit After Tax (PAT) (V-VI)</b>                 |         | <b>9,575</b>   | <b>11,165</b>  |
| <b>VIII Earnings per Equity Share</b>                    |         |                |                |
| Basic & Diluted in Rupees                                | 27      | 13.15          | 17.44          |

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**  
Chartered Accountants  
(FRN 108832W)

For and on behalf of the Board

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

Mumbai, 27<sup>th</sup> August, 2012

**Asish Narayan**  
Company Secretary

**Madan B. Khurjekar**

Director

**Ramesh I. Parikh**

Director - Finance

**R. Ravichandran**

Director - Operations

# ANNUAL REPORT 2011-2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ in Lacs)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                   |              |               |
| Net Profit before Tax   | 12,029       | 11,821        |
| <b>Adjustments for :</b>  |              |               |
| Depreciation  | 806          | 714           |
| Interest Income   | (5,022)      | (4,740)       |
| Finance Cost  | 8,344        | 6,333         |
| Dividend Income   | (7)          | (3)           |
| (Profit)/Loss on Sale of Assets (Net) and Investment              | (9)          | (4)           |
| Operating Profit before working capital changes                   | 16,141       | 14,121        |
| <b>Adjustments for :</b>  |              |               |
| Trade and Other Receivables                                       | (110,915)    | (57,464)      |
| Inventories   | (7,744)      | (6,622)       |
| Trade Payable   | 83,043       | 65,682        |
|   | (19,475)     | 15,717        |
| Taxes paid  | (2,269)      | (790)         |
| Cash generated from operating activities                          | (21,744)     | 14,927        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                     |              |               |
| Purchase of Fixed Assets  | (1,860)      | (397)         |
| Sale of Fixed Assets  | 30           | 10            |
| Purchase of Investments   | (291)        | (3,000)       |
| Interest Received   | 5,022        | 4,740         |
| Dividend Received   | 7            | 3             |
| Net cash from investing activities                                | 2,908        | 1,356         |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                     |              |               |
| Proceeds from Share Premium                                       | 16,544       | 3,510         |
| Proceeds from Short Term borrowings                               | (2,010)      | 5,047         |
| Proceeds from Long Term borrowings                                | (149)        | -             |
| Proceeds from Share Capital                                       | 3,666        | 585           |
| Interest and Bank charges Paid                                    | (8,344)      | (6,333)       |
| Dividend Paid with Tax  | (974)        | (724)         |
| Net cash from financing activities                                | 8,733        | 2,085         |
| Net increase/(decrease) in cash and cash equivalent (A+B+C)       | (10,103)     | 18,368        |
| Cash and Cash equivalent as at 1st April, 2011 (Opening Balance)  | 36,997       | 18,629        |
| Cash and Cash equivalent as at 31st March, 2012 (Closing Balance) | 26,894       | 36,997        |

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**

Chartered Accountants  
(FRN 108832W)

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

Mumbai, 27<sup>th</sup> August, 2012

**Jaikumar Kapoor**  
Chief Financial Officer

**Asish Narayan**  
Company Secretary

For and on behalf of the Board

**Madan B. Khurjekar**

Director

**Ramesh I. Parikh**

Director - Finance

**R. Ravichandran**

Director - Operations



# WINSOME DIAMONDS AND JEWELLERY LIMITED

## (Formerly Su-Raj Diamonds And Jewellery Limited)



### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

#### Note 1. Summary of Significant Accounting Policies followed by the Company

##### Basis of Preparation of Financial statements:

These financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) and the other relevant provisions of the Companies Act, 1956.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

##### 1. System of Accounting and Preparation of Financial Statements:

- (a) All income and expenditure items are accounted on accrual basis.
- (b) Financial Statements are based on historical costs. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

##### 2. Use of Estimates:

The preparation of financial statements are in conformity with generally accepted accounting principles which require estimates and assumptions to be made by the management that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized.

##### 3. Fixed Assets:

- (a) All fixed assets are valued at cost of acquisition, construction or manufacturing as the case may be, less depreciation.
- (b) Exchange differences relating to the acquisition of fixed assets are taken to the Statement of Profit and Loss

##### 4. Depreciation:

- (a) Depreciation is provided as per the "Written Down Value" method at rates provided by Schedule XIV to the Companies Act, 1956. Leasehold Land is amortised over the period of lease.
- (b) Depreciation on additions and on sale/disposal of fixed assets is computed pro-rata on day-to-day basis from the date of purchase and up to the date of sale.
- (c) Depreciation on new unit is taken from the date of commissioning of the unit.
- (d) Depreciation is also considered on those assets (idle assets) which were not used for whole or part of the year. However for units shut down, no depreciation is charged.

##### 5. Work in Progress:

- (a) The cost of fixed assets, acquisition/construction, installations of which are not completed are included under Capital Work-in-Progress and the same are apportioned/transferred to respective fixed assets on installation/completion of the asset/project.
- (b) Expenses incurred to set up business premises/factory premises forming part of capital work-in-progress are capitalized under the head office/factory Premises.
- (c) Similarly, goods which are under production and cannot be termed as finished goods are treated as work-in-progress.

##### 6. Investments:

- (a) Current investments are carried at lower of cost and quoted/fair value.
- (b) Long term Investments are stated at cost of acquisition. Provision for diminution in the value of long term investments is made if such diminution is considered other than temporary in nature.
- (c) Application monies for investment in shares are classified as an advance till the allotment of shares is completed.

##### 7. Inventories:

The Company has complied with AS-2 "Valuation of Inventories" issued by the Institute of Chartered Accountants of India, to the extent practicable keeping in mind the peculiar nature of the industry.

- (a) Raw Materials are valued "At Cost" or "Net Realisable Value", whichever is lower. Costs means cost of Raw materials as determined on average, weighted average or FIFO basis as applicable, with proportionate value of freight and clearing charges.
- (b) Stock on hand as on the last date which is under processing and not yet converted to finished goods is considered to be a part of stock of raw materials and hence is valued as raw materials as in (a) above.
- (c) Finished Goods of Polished Diamonds are valued "At Cost" or "Net Realisable Value", whichever is lower. Cost includes cost of raw materials on weighted average cost basis, labour cost and proportionately allocated other costs related to converting them into finished goods which are technically evaluated keeping in view the wide variety and grades of diamonds.
- (d) Finished Goods of Jewellery are valued "At Cost" or "Net Realisable Value", whichever is lower. Cost includes cost of raw materials, labour cost and proportionately allocated other costs related to converting them into finished goods.
- (e) Goods procured for trading (Gold, Studded and Plain Jewellery and Diamonds) are valued "At Cost" or "Net Realisable Value", whichever is lower.
- (f) Stores and Spares are valued "At Cost".
- (g) Closing stock of Goods at Bullion Division are valued "At Cost" or "Net Realisable Value", whichever is lower.

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## 8. Foreign Exchange Transactions:

- (a) Transactions in foreign currency are accounted at the exchange rate/average rate prevailing on the date of transaction. Exchange fluctuations between the transaction date and the settlement date in respect of revenue transactions are recognized in Statement of Profit and Loss.
- (b) Monetary Assets and Liabilities denominated in Foreign Currency are translated at year end exchange rates and the Profit/Loss so determined are recognized in the Statement of Profit and Loss for the year.
- (c) All foreign exchange derivative transactions are fair valued, wherever applicable, as at the year-end in consonance with (i) Accounting standards notified under Section 211 of the Companies Act, 1956 (ii) applicable Guidelines issued by RBI and the Institute of Chartered Accountants of India in this regard (iii) Principles of Prudence which requires recognition of expected losses and non-recognition of unrealized gains, wherever applicable, and (iv) Risk Management Policy of the Company as approved by the Board with a clause which Allows using Cost Reduction Structures and relevant disclosures as prescribed by ICAI Press Release dated 02.12.2005 are made in the Notes.
- (d) The Company has adopted AS-11 of the Institute of Chartered Accountants of India, in relation to its foreign exchange transactions including derivatives and options.
  - (i) As per the Provisions of the AS-11 of the Institute of Chartered Accountants of India. The profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognised as income/expenses in the Statement of Profit and Loss for the year
  - ii) Option contracts open at the year end are recognized at year end rate and the Mark to Market difference, wherever applicable, is taken to the Statement of Profit and Loss.
  - iii) Premium or discount at the inception of forward exchange contract is amortized as expenses or income over the life of contract.

## 9. Employees Retirement Benefits:

- (a) Defined Contribution Plans:  
The Company has Defined Contribution Plan for post employment benefit in the form of provident fund for eligible employees which is administered by Regional Provident Fund Commissioner. Provident fund is classified as Defined Contribution Plan as the Company has no further obligation beyond making the contributions. The Company's contributions to Define Contribution Plans are charged to the Statement of Profit and Loss for the year as and when incurred.

## (b) Defined Benefit Plans:

- The Company has Defined Benefit Plan for post employment benefit in the form of Gratuity for eligible employees which are administered through a Group Gratuity Policy with Life Insurance Corporation of India (LIC). The liability for the above Defined Benefit Plan is provided on the basis of an actuarial valuation as carried out by LIC. The actuarial method used for measuring the liability is the Projected Unit Credit Method.
- (c) Termination benefits are recognized as an expense as and when incurred.
  - (d) The Company has made provision for leave encashment dues as on the last date of the year.

## 10. Taxation:

- (a) Provisions for taxation is made after considering various reliefs admissible under the Provisions of the Income-Tax Act, 1961.
- (b) Disputed amounts of tax are considered in contingent liabilities.
- (c) The Company has implemented 'Accounting Standard 22'-"Accounting of Taxes on Income", issued by the Institute of Chartered Accountants of India, which is mandatory in nature. The Company has recognized Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.

## 11. Borrowing Cost:

Borrowing Costs that are attributable to the acquisition/construction of fixed assets are capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

## 12. Impairment of Fixed Assets:

Considering AS-28 Impairment of Assets as specified by the Institute of Chartered Accountants of India, the Company at the end of each year determines whether there are any Assets that require a provision for impairment loss. Impairment loss is charged to the Statement of Profit and Loss in the year in which, an asset is identified as impaired, when the Carrying Rate of the asset exceeds its recoverable value. The impairment loss booked in prior accounting periods is reversed if there is a upward change in the estimate of recoverable account.

## 13. Provisions, Contingent Assets and Contingent Liabilities:

Provisions involving substantial degree of estimation in quantum are recognized when, there is and present, as a result of past events likely obligation with a high probability of an outflow of resources. Contingent Assets are not recognized nor disclosed in the financial statements. Contingent Liabilities, if material, are disclosed in the notes to the accounts.

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012

### Note 2. SHARE CAPITAL

| (A) Authorised, Issued, Subscribed and Paid-up Share Capital and Par Value Per Share |               | ₹ In Lacs     |               |               |
|--|---------------|---------------|---------------|---------------|
|  | No. of Shares | Current Year  | No. of Shares | Previous Year |
| AUTHORISED SHARE CAPITAL   |               |               |               |               |
| Equity Shares of ₹ 10/- each   | 150,000,000   | 15,000        | 75,000,000    | 7,500         |
| ISSUED SHARE CAPITAL   |               |               |               |               |
| Equity Shares of ₹ 10/- each   | 103,607,894   | 10,361        | 66,844,258    | 6,685         |
| SUBSCRIBED & PAID-UP SHARE CAPITAL   |               |               |               |               |
| Equity Shares of ₹ 10/- each   | 103,607,894   | 10,361        | 66,844,258    | 6,685         |
| Less : Calls unpaid by Shareholders other than directors                             |               | 14            |               | 14            |
| <b>TOTAL</b>   |               | <b>10,347</b> |               | <b>6,671</b>  |

#### NOTES :

- 1) Of the above Paid-up Capital, ₹ 3,636 Lacs (₹ 500 lacs) represent 36,363,636 Equity Shares (5,000,000) of ₹ 10/- each fully paid up, issued to FIIs on Preferential basis during the year.
- 2) Of the above Paid-up Capital, ₹ 40 Lacs (₹ Nil) represent 400,000 Equity Shares (Nil) of ₹ 10/- each fully paid-up, issued upon conversion of 400,000 Optionally Fully Convertible Share Warrants (OFCWs) into Equity Shares of ₹ 10/- each fully paid up at a premium of ₹ 60/- per share to the Promoter Group Company, viz. Kohinoor Diamonds Pvt. Ltd. out of 3,400,000 Share warrants issued in October 2010.

#### (B) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year

|  | Current Year       | Previous Year     |
|--|--------------------|-------------------|
|  | No. of Shares      | No. of Shares     |
| No. of Shares outstanding as at the beginning of the year                      | 66,844,258         | 61,844,258        |
| Add :  |                    |                   |
| - Shares allotted during the year as fully paid-up upon Conversion of Warrants | 400,000            | -                 |
| - Shares allotted during the year as fully paid-up for cash                    | 36,363,636         | 5,000,000         |
| No. of Shares outstanding as at the end of the year                            | <b>103,607,894</b> | <b>66,844,258</b> |

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Payment of Dividend is also made in foreign currencies to shareholders outside India.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the no. of equity shares held by the shareholders.

#### (C) Shares in the Company held by shareholders holding more than 5% shares

| SHAREHOLDERS   | No. of Shares     | Current Year  |                   | Previous Year |                   |
|--|-------------------|---------------|-------------------|---------------|-------------------|
|  |                   | % of Holding  | No. of Shares     | % of Holding  | No. of Shares     |
| 1) Passage To India Master Fund Limited              | 10,181,818        | 9.83%         | -                 | -             | -                 |
| 2) Sparrow Asia Diversified Opportunities Fund       | 10,018,182        | 9.67%         | -                 | -             | -                 |
| 3) Davos International Fund                          | 8,545,454         | 8.25%         | -                 | -             | -                 |
| 4) Leman Diversified Fund                            | 7,898,182         | 7.62%         | -                 | -             | -                 |
| 5) Prime India Investment Fund Limited               | 5,700,000         | 5.50%         | 5,700,000         | 8.53%         | 5,700,000         |
| 6) Alexandra Mauritius Limited                       | NA                | -             | 5,700,000         | 8.53%         | 5,700,000         |
| 7) Lotus Global Investment Limited                   | NA                | -             | 3,746,160         | 5.60%         | 3,746,160         |
| 8) SJR Commodities and Consultancies Private Limited | 6,283,350         | 6.06%         | NA                | -             | NA                |
| 9) Su-Raj Diamond Industries Limited                 | NA                | -             | 6,930,016         | 10.37%        | 6,930,016         |
| 10) Diadem Investment and Finance Private Limited    | NA                | -             | 3,866,994         | 5.79%         | 3,866,994         |
| 11) Bombay Diamonds Company Private Limited          | NA                | -             | 3,422,232         | 5.12%         | 3,422,232         |
| <b>TOTAL</b>   | <b>48,626,986</b> | <b>46.93%</b> | <b>29,365,402</b> | <b>43.94%</b> | <b>29,365,402</b> |

# ANNUAL REPORT 2011-2012

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

| <b>(D) Details of securities convertible into equity / preference shares</b> |                        |                     |                        | <b>(₹ in Lacs)</b>   |  |
|--|------------------------|---------------------|------------------------|----------------------|--|
|  | <b>No. of Warrants</b> | <b>Current Year</b> | <b>No. of Warrants</b> | <b>Previous Year</b> |  |
| WARRANTS CONVERTIBLE INTO EQUITY SHARES                                      | <b>3,000,000</b>       | <b>525.00</b>       | 3,400,000              | 595.00               |  |

### TERMS OF ISSUE

- 1) The warrants were issued on 14<sup>th</sup> October 2010.
- 2) An Amount of ₹ 17.50 per warrant i.e. 25% of the price fixed for preferential allotment of shares of ₹ 70/- had been received by the Company at the time of issue and allotment of warrants.
- 3) The warrant holders have right to apply for and be allotted one equity share of ₹ 10/- each fully paid up against each warrant held upon payment of balance 75% i.e. ₹ 52.50 per warrant.
- 4) The warrant holders are entitled to exercise the option to apply for shares within 18 months from the date of allotment of the warrants i.e. on or before 13<sup>th</sup> April, 2012.
- 5) The equity shares allotted pursuant to exercise of option attached to warrants will be locked-in for a period of 3 years from the date of allotment of shares.
- 6) The equity shares when allotted will rank pari-passu in all respects with existing equity shares of the company including dividend.
- 7) If the warrant holders do not exercise option to apply for equity shares by paying up the balance 75%, the amount paid at the time of issue and allotment of warrants shall stand forfeited.

### NOTES

- 1) The Company had raised ₹ 595 lacs in October 2010 consequent upon issue of 3,400,000 warrants to one of the promoter group companies. viz. Kohinoor Diamonds Pvt. Ltd.
- 2) Kohinoor Diamonds Pvt. Ltd. exercised option in respect of 400,000 warrants by paying up ₹ 210 lacs and were allotted 400,000 equity shares of ₹ 10/- each fully paid up on 1<sup>st</sup> February, 2012.
- 3) As at 31<sup>st</sup> March, 2012, Kohinoor Diamonds Pvt. Ltd. were holding balance of 3,000,000 warrants and in respect of which it exercised its option by paying up ₹ 1575 lacs in April 2012 and were allotted 3,000,000 equity shares of ₹ 10/- each fully paid up.

### Note 3. RESERVES AND SURPLUS

|    |   | <b>(₹ In Lacs)</b>  |                      |
|----|---|---------------------|----------------------|
|    |   | <b>Current Year</b> | <b>Previous Year</b> |
| 1) | <b>CAPITAL RESERVE</b>  |                     |                      |
|    | As per last Balance Sheet   | <b>503</b>          | 503                  |
| 2) | <b>SECURITIES PREMIUM ACCOUNT</b>   |                     |                      |
|    | As per last Balance Sheet   | <b>28,842</b>       | 25,842               |
|    | Add:  |                     |                      |
|    | - Premium received in respect of Equity Shares issued on preferential basis during the year | <b>16,364</b>       | 3,000                |
|    | - Premium received in respect of Equity Shares issued upon conversion of Warrants           | <b>240</b>          | -                    |
|    |   | <b>45,446</b>       | 28,842               |
|    | Less : Allotment/Call Money in Arrears other than Directors                                 |                     |                      |
|    | - As per Last Balance Sheet   | <b>58</b>           | 58                   |
|    | - Less : Received during the year   | <b>-</b>            | -                    |
|    |   | <b>58</b>           | 58                   |
|    |   | <b>45,388</b>       | 28,784               |
| 3) | <b>GENERAL RESERVE</b>  |                     |                      |
|    | As per last Balance Sheet   | <b>28,202</b>       | 27,202               |
|    | Add : Amount transferred from Statement of Profit & Loss                                    | <b>298</b>          | 1,000                |
|    |   | <b>28,500</b>       | 28,202               |
| 4) | <b>GENERAL RESERVE - FOREIGN EXCHANGE/METAL PRICE FLUCTUATION</b>                           |                     |                      |
|    | As per last Balance Sheet   | <b>5,350</b>        | 4,350                |
|    | Add : Amount transferred from Statement of Profit & Loss                                    | <b>150</b>          | 1,000                |
|    |   | <b>5,500</b>        | 5,350                |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012

|  | (₹ In Lacs)           |                      |
|--|-----------------------|----------------------|
|  | Current Year          | Previous Year        |
| <b>Note 3. RESERVES AND SURPLUS (Contd.)</b>   |                       |                      |
| 5) SURPLUS IN THE STATEMENT OF PROFIT & LOSS   |                       |                      |
| - As per last Balance Sheet  | 25,724                | 17,533               |
| - Add :Net Profit after Tax transferred from<br>Statement of Profit & Loss   | 9,575                 | 11,165               |
|  | <u>35,299</u>         | <u>28,698</u>        |
| - Less : Appropriations  |                       |                      |
| Transfers to   |                       |                      |
| - General Reserves   | 298                   | 1,000                |
| - General Reserves - Foreign Exchange / Metal Price<br>Fluctuation   | 150                   | 1,000                |
| Proposed Dividend  | -                     | 836                  |
| Tax on Dividend  | -                     | 139                  |
|  | <u>448</u>            | <u>2,974</u>         |
| - Balance as at the close of the year  | <u>34,851</u>         | <u>25,724</u>        |
| <b>TOTAL</b>   | <u><u>114,742</u></u> | <u><u>88,563</u></u> |
| <b>Note 4. Monies received against share warrants</b>  |                       |                      |
| Monies received against share warrants   | 525                   | 595                  |
| The Company had allotted 3,400,000 Convertible Warrants on 14 <sup>th</sup> October, 2010 to Kohinoor Diamonds Private Limited, a Promoter group Company at a price of ₹ 70 per instrument (including premium of ₹ 60 per shares) with an option for conversion at any time within a period of 18 months from the date of allotment (i.e. on or before 13 <sup>th</sup> April, 2012).  |                       |                      |
| An amount equivalent to 25% of the price had been paid on each warrant at the time of allotment of such warrants and the balance 75% was payable on allotment of Equity Shares pursuant to exercise of option to convert equivalent no. of Convertible Warrants. During the year under review, the Company has received from Kohinoor Diamonds Private Limited, the Warrant Holder a sum of ₹ 210 Lacs equivalent to 75% towards the share application money for conversion of 400,000 Convertible Warrants into Equity Shares of ₹ 10/- each out of the total 3,400,000 pending Convertible Warrants. |                       |                      |
| <b>TOTAL</b>   | <u><u>525</u></u>     | <u><u>595</u></u>    |
| <b>Note 5. LONG - TERM BORROWINGS</b>  |                       |                      |
| <b>TERM LOANS - SECURED</b>  |                       |                      |
| <b>{Excluding Amounts due in next 12 months (Current Maturities of Long Term Debts) which is shown under Other Current Liabilities}</b>  |                       |                      |
| <b>(i) From Banks</b>  |                       |                      |
| 1) <b>Axis bank</b>  | 79                    | 238                  |
| Secured by Hypothecation of Wind Mill and is further secured by collateral security of Mortgage of Leasehold rights in respect of Property where Wind Mill is erected.   |                       |                      |
| The term loan is repayable in 6 monthly installments and ending in September 2013.   |                       |                      |
| Rate of Interest is 12.50% p.a. Tenure of the loan is 4 year.  |                       |                      |
| 2) <b>ICICI Bank Ltd.</b>  | 17                    | -                    |
| Secured by Hypothecation of Vehicles acquired (AX-2115)  |                       |                      |
| The term loan is repayable in 35 Equated monthly installments and ending in February 2016.   |                       |                      |
| Rate of Interest is 10.32% p.a. Tenure of the loan is 5 year.  |                       |                      |



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

|  | (₹ In Lacs)   |               |
|--|---------------|---------------|
|  | Current Year  | Previous Year |
| <b>Note 5. LONG-TERM BORROWINGS (Contd.)</b>   |               |               |
| <b>(II) From Others</b>  |               |               |
| 1) <b>Kotak Mahindra Prime Ltd.</b>  | -             | 4             |
| Secured by Hypothecation of vehicles acquired (AR-4971)  |               |               |
| The term loan is repayable in 1 Equated Monthly Installments ending in April 2013.   |               |               |
| Rate of Interest is 9.497% p.a. Tenure of the loan is 3 year.  |               |               |
| 2) <b>Kotak Mahindra Prime Ltd.</b>  | 1             | 4             |
| Secured by Hypothecation of vehicles acquired (AR-6861)  |               |               |
| The term loan is repayable in 3 Equated Monthly Installments ending in June 2013.  |               |               |
| Rate of Interest is 8.979% p.a.  |               |               |
| <b>TOTAL</b>   | <b>97</b>     | <b>246</b>    |
| <b>NOTE :</b>  |               |               |
| There is no default, continuing or otherwise, as at the Balance Sheet date, in repayment of any of the above loans   |               |               |
| <b>Note 6. DEFERRED TAX LIABILITIES (NET)</b>  |               |               |
| Deferred Tax Liabilities   |               |               |
| - On account of Depreciation difference  | 576           | 522           |
| Deferred Tax Liabilities (Net)   | 576           | 522           |
| <b>NOTES :</b>   |               |               |
| The Company has implemented 'Accounting Standard 22' - "Accounting of Taxes on Income", issued by The Institute of Chartered Accountants of India, which is mandatory in nature.   |               |               |
| The Company has recognised Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.   |               |               |
| As a result, the Deferred Tax Liability for the year aggregating to ₹ 54 lacs (Assets of ₹ 44 lacs) has been recognised in the Statement of Profit and Loss for the year.  |               |               |
| <b>Note 7. SHORT-TERM BORROWINGS</b>   |               |               |
| <b>FROM BANKS - SECURED - REPAYABLE ON DEMAND</b>  |               |               |
| <b>I EXPORT PACKING CREDIT &amp; POST SHIPMENT CREDIT</b>  |               |               |
| <b>FACILITIES EXTENDED BY CONSORTIUM OF BANKS</b>  |               |               |
| - Outstanding against Regular and Ad-hoc Fund Based limits   | 34,191        | 37,123        |
| - Outstanding in respect of Fund Based credits availed of consequent upon inter-changeability from Non Fund Based limits   | 16,845        | 16,162        |
|  | <b>51,036</b> | <b>53,285</b> |
| The Company has been sanctioned Regular Fund Based Working Capital Credit Limits (Export Packing Credit and Post Shipment Credit) of ₹ 37,500 Lacs (Previous year ₹ 33,000 Lacs) and Non Fund Based Working Capital Credit Limits (Stand-By Letters of Credit and Bank Guarantees) of ₹ 347,000 Lacs (Previous Year ₹ 252,000 Lacs).   |               |               |
| The Company has also been granted, in principle, approval for additional, need based, Ad-hoc limits to the extent of 20% of the regular FB and NFB limits. The Company has also been granted partial Inter-changeability between FB and NFB limits. The Non Fund Based Limits - Stand-By Letters of Credit (SBLCs) are normally availed of for facilitating procurement of the Raw Materials and the amounts payable to the suppliers under SBLCs are shown as 'TRADE PAYABLE - Secured Sundry Creditors for Purchases'. |               |               |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012

(₹ In Lacs)

|   | Current Year  | Previous Year |
|---|---------------|---------------|
| <b>Note 7. SHORT-TERM BORROWINGS (Contd.)</b>   |               |               |
| The above Fund Based and Non Fund Based Working Capital Credit facilities from the Consortium of Banks are secured by   |               |               |
| (A) Hypothecation of  |               |               |
| (1) Inventory and Book Debts (both present and future) of the Company   |               |               |
| (2) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of the Company at factory units of Bangalore, Cochin, Goa, Jodhpur, Kolkata (Manikanchan SEZ) and Surat of the Company             |               |               |
| (3) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of the Company installed at Valsad unit of the company in the property owned by Bombay Diamonds Co. Pvt. Ltd.                      |               |               |
| (4) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of Forever Diamonds Pvt. Ltd. at its Jodhpur unit.   |               |               |
| (B) Equitable Mortgage by way of deposit of title deeds of Immovable Properties comprising Land (or leasehold rights in respect thereof) and other structures thereon at  |               |               |
| (1) Bangalore, Goa, Jodhpur, Kolkata and Surat factory units of the Company   |               |               |
| (2) Office Premises at Gamdevi in Mumbai of the Company   |               |               |
| (3) Valsad unit of Bombay Diamonds Co. Pvt. Ltd.  |               |               |
| (4) Jodhpur factory unit of Forever Diamonds Pvt. Ltd.  |               |               |
| (5) Surat factory unit of Kohinoor Diamonds Pvt. Ltd.   |               |               |
| (C) Term Deposits held under lien as Cash Margin for Non Fund Based limits  |               |               |
| (D) Term Deposits held under lien as cash collateral  |               |               |
| (E) Corporate Guarantees of   |               |               |
| (1) Bombay Diamonds Co. Pvt. Ltd.   |               |               |
| (2) Forever Diamonds Pvt. Ltd.  |               |               |
| (3) Kohinoor Diamonds Pvt. Ltd.   |               |               |
| (F) Personal Guarantee of a Director  |               |               |
| <b>II BUYERS' CREDIT FACILITIES FROM BANKS</b>  | <b>16,556</b> | 55,275        |
| (Secured by Letters of Undertaking issued by Banks in India)  |               |               |
| Less:100% Covered by Term Deposits with Banks as per contra - Refer note 19   | <b>16,317</b> | 55,275        |
|   |               | <b>239</b>    |
| (Term Deposits pledged with the banks ₹ 16,317 lacs as at 31 <sup>st</sup> March, 2012 & ₹ 58,529 lacs as at 31 <sup>st</sup> March, 2011 for securing letter of undertaking in respect of Buyers' Credit facilities) |               | -             |
| <b>TOTAL</b>  | <b>51,275</b> | 53,285        |

# ANNUAL REPORT 2011-2012

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

|   | (₹ In Lacs)    |                |
|---|----------------|----------------|
|   | Current Year   | Previous Year  |
| <b>Note 8. TRADE PAYABLES</b>   |                |                |
| <b>SECURED</b>  |                |                |
| Secured by Stand-By-Letter of Credit arranged through consortium of Banks   | 275,055        | 178,189        |
| <b>UNSECURED</b>  |                |                |
| Other Trade Payables  | 11,945         | 25,778         |
| <b>TOTAL</b>  | <u>287,000</u> | <u>203,967</u> |
| <b>Note 9. OTHER CURRENT LIABILITIES</b>  |                |                |
| Current maturities of long term debt  | 170            | 165            |
| Interest accrued and due on borrowings  | 91             | 35             |
| Creditors for Capital Expenditure   | 3              | -              |
| Unpaid/Unclaimed dividends  | 109            | 103            |
| Sales Tax / VAT payable   | 152            | 201            |
| Statutory dues  | 18             | 19             |
| Other payables  | -              | 5              |
| <b>TOTAL</b>  | <u>543</u>     | <u>528</u>     |
| NOTES :   |                |                |
| 1) During FY 2010-2011, the Company had appropriated ₹ 3 lacs being dividend payable for FY 2009-2010 in respect of shares which were not fully paid up against amounts due from shareholders as call / allotment monies. The Company, however, has not adjusted any amount during FY 2011-2012 out of dividend payable for FY 2010-2011 against outstanding call/allotment monies. |                |                |
| 2) There are no amounts of unclaimed dividend due and outstanding to be credited to Investor Education and Protection Fund. During the year, the Company transferred unclaimed dividend in respect of FY 2003-2004 amounting to ₹ 13 lacs (During the previous year ₹ 15 lacs for FY 2002-2003) to Investor Education and Protection Fund.  |                |                |
| <b>Note 10. SHORT-TERM PROVISIONS</b>   |                |                |
| Provision for Employee Benefits   | 8              | 14             |
| Provision for proposed dividends  | -              | 835            |
| Provision for tax on proposed dividends   | -              | 139            |
| Provisions for income-tax (Net of Advance Tax)  | 115            | 117            |
| <b>Total</b>  | <u>123</u>     | <u>1,105</u>   |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012

### Note 11. FIXED ASSETS - TANGIBLE

Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year 31<sup>st</sup> March, 2012  
(₹ in Lacs)

| Description                | Gross Carrying Amount              |                                     |                            |                                    | Accumulated Depreciation           |                          |                            |                                    | Net carrying Amount                |                                    |
|----------------------------|------------------------------------|-------------------------------------|----------------------------|------------------------------------|------------------------------------|--------------------------|----------------------------|------------------------------------|------------------------------------|------------------------------------|
|                            | As at 31 <sup>st</sup> March, 2011 | Addition/adjustment during the year | Deductions during the year | As at 31 <sup>st</sup> March, 2012 | As at 31 <sup>st</sup> March, 2011 | Provided during the year | Deductions during the year | As at 31 <sup>st</sup> March, 2012 | As at 31 <sup>st</sup> March, 2012 | As at 31 <sup>st</sup> March, 2011 |
|                            | (1)                                | (2)                                 | (3)                        | (4)                                | (5)                                | (6)                      | (7)                        | (8)                                | (9)= (4)-(8)                       | (10)= (1)-(5)                      |
| 1. Leased Hold Land        | 72                                 | 1                                   | -                          | 73                                 | 4                                  | 1                        | -                          | 5                                  | 68                                 | 68                                 |
| 2. Buildings               |                                    |                                     |                            |                                    |                                    |                          |                            |                                    |                                    |                                    |
| Factory Premises           | 1,597                              | 60                                  | -                          | 1,657                              | 755                                | 86                       | -                          | 841                                | 816                                | 842                                |
| Office Premises            | 1,657                              | -                                   | -                          | 1,657                              | 439                                | 61                       | -                          | 500                                | 1,157                              | 1,218                              |
| 3. Plant & Equipment       | 4,235                              | 1,611                               | 46                         | 5,800                              | 2,504                              | 363                      | 31                         | 2,836                              | 2,964                              | 1,731                              |
| 4. Furniture & Fixtures    | 465                                | 16                                  | -                          | 481                                | 282                                | 35                       | -                          | 317                                | 164                                | 183                                |
| 5. Electrical Installation | 511                                | 57                                  | -                          | 568                                | 289                                | 34                       | -                          | 323                                | 245                                | 222                                |
| 6. Equipments              | 267                                | 35                                  | 3                          | 299                                | 135                                | 20                       | 1                          | 154                                | 145                                | 132                                |
| 7. Air Conditioners        | 189                                | 17                                  | 1                          | 205                                | 104                                | 13                       | 1                          | 116                                | 89                                 | 85                                 |
| 8. Vehicles                | 90                                 | 48                                  | 23                         | 115                                | 43                                 | 22                       | 19                         | 46                                 | 69                                 | 47                                 |
| 9. Office Equipments       | 325                                | 14                                  | 8                          | 331                                | 264                                | 28                       | 8                          | 284                                | 47                                 | 61                                 |
| 10. Mould & Dyes           | 199                                | 32                                  | -                          | 231                                | 94                                 | 32                       | -                          | 126                                | 105                                | 105                                |
| 11. Windmill               | 926                                | -                                   | -                          | 926                                | 313                                | 93                       | -                          | 406                                | 520                                | 613                                |
| <b>TOTAL</b>               | <b>10,533</b>                      | <b>1,891</b>                        | <b>81</b>                  | <b>12,343</b>                      | <b>5,226</b>                       | <b>788</b>               | <b>60</b>                  | <b>5,954</b>                       | <b>6,389</b>                       | <b>5,307</b>                       |
| Previous Year              | 10,286                             | 281                                 | 34                         | 10,533                             | 4,542                              | 712                      | 28                         | 5,226                              | 5,307                              | -                                  |

### Note 12. FIXED ASSETS - INTANGIBLE

(₹ in Lacs)

|                   |    |    |   |    |   |    |   |    |    |    |
|-------------------|----|----|---|----|---|----|---|----|----|----|
| Computer Software | 33 | 21 | - | 54 | 2 | 18 | - | 20 | 34 | 31 |
| Previous year     | -  | 33 | - | 33 | - | 2  | - | 2  | 31 | -  |

### Note 13. FIXED ASSETS - CAPITAL WORK IN PROGRESS

|                         | As At 31/03/12 | As At 31/03/11 |
|-------------------------|----------------|----------------|
| Factory Premises        | 19             | 30             |
| Plant & Machineries     | -              | 74             |
| Furniture & Fixtures    | -              | 5              |
| Electrical Installation | 9              | 10             |
| Equipments              | -              | 2              |
| Air Conditioners        | 41             | -              |
| <b>TOTAL</b>            | <b>69</b>      | <b>121</b>     |

Note :

- 1) The above schedule of assets do not reflect assets sold out of CWIP which have not been capitalised and not forming a part of the above Block of assets.
- 2) Impairment of Fixed Assets :
  - a) Please refer note no. 12 in Accounting Policy.
  - b) The Company has taken into consideration the Provisions of Accounting Standard 28 – Impairment of Assets. The Company does not have any assets, which would require impairment and provisions.
- 3) Fixed assets of Engineering division at Jodhpur amounting to ₹ 100 lacs are of discontinuing operation.
- 4) Of the above, following assets are given on lease to various Companies as on 31<sup>st</sup> March 2012.
 

|                            |            |
|----------------------------|------------|
| 1. Land                    | 14         |
| 2. Air Conditioner         | 1          |
| 3. Computers               | 2          |
| 4. Electrical Installation | 25         |
| 5. Equipments              | 20         |
| 6. Factory Premises        | 129        |
| 7. Furniture & Fixture     | 6          |
| 8. Plant & Machinery       | 63         |
| <b>TOTAL</b>               | <b>260</b> |

# ANNUAL REPORT 2011-2012

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

|   | (₹ In Lacs)  |               |
|---|--------------|---------------|
|   | Current Year | Previous Year |
| <b>Note 14. NON-CURRENT INVESTMENTS</b>   |              |               |
| <b>(A) Trade Investments</b>  |              |               |
| <b>In Equity of Subsidiary Companies -</b>  |              |               |
| <b>Unquoted, fully paid up (at Cost)</b>  |              |               |
| 30,088 (Previous Year : 30,088) Equity Shares of EURO 248 each of Su-Raj Diamonds N. V. fully paid-up *   | -            | 3,786         |
| 30 (Previous Year : 30) Equity Shares of US\$ 100,000 each of Su-Raj Diamonds and Jewelry USA Inc., fully paid-up *   | -            | 1,341         |
| 7,300 (Previous Year : 7,300) Equity Shares of AED 1000 each of Su-Raj Diamonds and Jewellery DMCC, fully paid-up   | 967          | 967           |
| 23,400,000 (Previous Year : 23,400,000) Equity Shares of 1 HK\$ each of Su-Raj Diamond HK Ltd., fully paid-up *   | -            | 1,200         |
| <b>(B) Other Investments</b>  |              |               |
| <b>(i) In Equity of Associate Companies -</b>   |              |               |
| <b>Unquoted, fully paid up (at Cost)</b>  |              |               |
| 2,000,000 (Previous Year : 2,000,000) Equity Shares of ₹ 10 each of Su-Raj Diamond Dealers Limited, fully paid-up   | 200          | 200           |
| 26,350,000 (Previous Year : 26,350,000) Equity Shares of ₹ 10 each of Forever Precious Jewellery & Diamonds Ltd., fully paid-up   | 7,692        | 7,692         |
| 2,434,700 (Previous Year : 2,434,700) Equity Shares of ₹ 10 each of Revah Corporation Ltd., fully paid-up   | 244          | 244           |
| <b>(ii) In Equity of Other Companies</b>  |              |               |
| <b>Unquoted, fully paid up (at Cost)</b>  |              |               |
| 17,500(Previous year : 17,500) Equity Shares of ₹ 100 each of Peacock Jewellery Ltd., fully paid-up   | 50           | 50            |
| 576,250(Previous year : 576,250) Equity Shares of ₹ 10 each of Carbon Accessories Ltd., fully paid-up   | 14           | 14            |
| <b>(iii) Investments in Government or Trust Securities</b>  |              |               |
| 2 (Previous Year : 2) Indira Vikas Patra of ₹ 500 each  | -            | -             |
| 1 (Previous Year :1) National Savings Certificates of ₹ 5000  | -            | -             |
| <b>TOTAL</b>  | <b>9,167</b> | <b>15,494</b> |
| <b>Note :</b>   |              |               |
| Aggregate amount Quoted Investments   | -            | -             |
| Market Value of Quoted Investments  | -            | -             |
| Aggregate amount Unquoted Investments   | <b>9,167</b> | 15,494        |
| *Investment in Subsidiaries are classified as current Investment as on 31 <sup>st</sup> March 2012 pursuant to resolution passed on 14 <sup>th</sup> February 2012 for disinvestment in above subsidiary Companies. |              |               |
| <b>Note 15. LONG-TERM LOANS AND ADVANCES</b>  |              |               |
| <b>Unsecured, Considered good</b>   |              |               |
| Capital Advances  | 93           | 2             |
| Security Deposits   | 128          | 172           |
| Loans and Advances to Related Parties (Refer Note No. 31)   | 8            | 10            |
| Other Loans and Advances  | 861          | 847           |
| Advance Income Tax/TDS (Net of Provision for Taxation)  | 32           | 165           |
| Fixed Deposit with Bank (Maturity after 12 months)  | 84           | 77            |
| <b>TOTAL</b>  | <b>1,206</b> | <b>1,273</b>  |



# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012

|  | (₹ In Lacs)    |                |
|--|----------------|----------------|
|  | Current Year   | Previous Year  |
| <b>Note 16. CURRENT INVESTMENTS</b>  |                |                |
| <b>(i) In Equity of Subsidiary Companies -</b>   |                |                |
| <b>Unquoted, fully paid up (at Cost)</b>   |                |                |
| 30,088 (Previous Year : 30,088) Equity Shares of EURO 248 each of Su-Raj Diamonds N. V. fully paid-up *  | 3,785          | -              |
| 36 (Previous Year : 30) Equity Shares of US\$ 100,000 each of Su-Raj Diamonds and Jewelry USA Inc., fully paid-up *  | 1,634          | -              |
| 23,400,000 (Previous Year : 23,400,000) Equity Shares of 1 HK\$ each of Su-Raj Diamond HK Ltd., fully paid-up *  | 1,200          | -              |
| <b>(ii) Quoted Investments in Mutual Funds</b>   |                |                |
| - (Previous year : 8,339.40) Units of ₹ 10/- each of Principle Mutual Fund of Punjab National Bank (Market value : ₹ Nil ;Previous Year : ₹ 83,410)  | -              | 1              |
| <b>TOTAL</b>   | <b>6,619</b>   | <b>1</b>       |
| Aggregate amount Quoted Investments  | -              | 1              |
| Market Value of Quoted Investments   | -              | 1              |
| Aggregate amount Unquoted Investments  | 6,619          | -              |
| * Investment in Subsidiaries are classified as current Investment as on 31 <sup>st</sup> March 2012 pursuant to resolution passed on 14 <sup>th</sup> February 2012 for disinvestment in above subsidiary Companies. |                |                |
| <b>Note 17. INVENTORIES</b>  |                |                |
| (As certified by Management)   |                |                |
| (a) Raw Materials  | 33,902         | 34,617         |
| (b) Finished Goods   | 22,898         | 14,440         |
| (c) Stores and spares  | 84             | 83             |
| <b>TOTAL</b>   | <b>56,884</b>  | <b>49,140</b>  |
| <b>Note 18. TRADE RECEIVABLES</b>  |                |                |
| <b>(A) Trade receivables</b>   |                |                |
| <b>Outstanding for more than six months from the date they became due for payment</b>  |                |                |
| Unsecured, considered good   | -              | -              |
| <b>(B) Others</b>  |                |                |
| Unsecured, considered good   | 354,712        | 244,622        |
| <b>TOTAL</b>   | <b>354,712</b> | <b>244,622</b> |
| <b>Note 19. CASH AND CASH EQUIVALENTS</b>  |                |                |
| <b>(A) Cash and cash equivalents</b>   |                |                |
| (i) Balance with Banks   |                |                |
| (a) In Current Account   | 6,856          | 5,000          |
| (b) In EEFC account  | 30             | 21             |
| (ii) Cheques on hand   | 10             | -              |
| (iii) Cash on Hand   | 12             | 11             |
|  | <b>6,908</b>   | <b>5,032</b>   |
| <b>(B) Other Bank Balance</b>  |                |                |
| (i) Earmarked Bank balances  |                |                |
| Unpaid dividend bank account   | 116            | 110            |
| (ii) Bank Fixed Deposits held as margin money or as security against:  |                |                |
| (a) Borrowings   | 16,317         | 58,529         |
| Less: Buyers Credit facilities fully secured by deposits pledged with the Banks as per contra Refer Note 7   | 16,317         | 55,275         |
|  | -              | 3,254          |
| (b) Guarantees   | 161            | 157            |
| (c) Letters of Credit  | 19,709         | 18,357         |
| (d) Other Margins  | -              | 10,087         |
|  | <b>19,986</b>  | <b>31,965</b>  |
| <b>TOTAL</b>   | <b>26,894</b>  | <b>36,997</b>  |

Notes: Balances with Banks in Deposits includes deposits amounting to ₹ 187 lacs (As at 31<sup>st</sup> March, 2011 ₹ 885 Lacs) which have an original maturity of more than 12 months.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

|   | (₹ In Lacs)    |                |
|---|----------------|----------------|
|   | Current Year   | Previous Year  |
| <b>Note 20. SHORT-TERM LOANS AND ADVANCES</b>   |                |                |
| <b>Unsecured, considered good</b>   |                |                |
| Loans and advances  | 1,979          | -              |
| Security Deposit  | 35             | -              |
| I.T./F.B.T. Refund Receivables  | 271            | 99             |
| VAT Refund Receivables  | 10             | 21             |
| Advances for Purchases /Labour  | 645            | 2,263          |
| Others  | 314            | 113            |
| <b>TOTAL</b>  | <b>3,254</b>   | <b>2,496</b>   |
| In the opinion of the Directors:<br>The Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business. |                |                |
| <b>Note 21. REVENUE FROM OPERATION</b>  |                |                |
| Sales   | 552,908        | 430,714        |
| Labour Charges received   | 1,342          | 828            |
| Surplus in Bullion Trading  |                | -              |
| Sales of Bullion  | 111,496        | 91,657         |
| Less: Cost of Bullion Sales   | 111,112        | 91,180         |
|   | <b>384</b>     | <b>477</b>     |
| Sale of Scrap   | 33             | 9              |
|   | <b>554,667</b> | <b>432,028</b> |
| Sales of Manufactured Goods   |                |                |
| Diamonds  | 89,217         | 88,596         |
| Jewellery   | 462,607        | 332,386        |
| Sales of Traded Goods   |                |                |
| Diamonds  | 1,084          | -              |
| Gold  | -              | 9,732          |
|   | <b>552,908</b> | <b>430,714</b> |
| <b>Note 22. OTHER INCOME</b>  |                |                |
| Rentals from investment property  | 9              | 9              |
| Interest Received from Others   | 1              | 1              |
| Interest Received on Income Tax Refund  | -              | 4              |
| Interest Received from Banks  | 5,022          | 4,740          |
| Profit on Sale of Assets  | 9              | 4              |
| Proceeds from Surrender of Keyman Insurance Policy  | -              | 164            |
| Miscellaneous Income  | 140            | 10             |
| Net gain/loss on foreign currency transactions/<br>translation (other than adjusted as finance costs)   | -              | 1,665          |
| Dividends   | 7              | 3              |
| <b>TOTAL</b>  | <b>5,188</b>   | <b>6,600</b>   |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012

|   | (₹ In Lacs)    |                |
|---|----------------|----------------|
|   | Current Year   | Previous Year  |
| <b>Note 23. COST OF MATERIALS CONSUMED</b>  |                |                |
| Opening Stock   | 34,617         | 29,060         |
| Add: Purchases  | 535,552        | 414,938        |
|   | <u>570,169</u> | <u>443,998</u> |
| Less: Closing Stock   | 33,902         | 34,617         |
| Cost of Material Consumed   | <u>536,267</u> | <u>409,381</u> |
| Materials Consumed Comprises of   |                |                |
| Rough/Semi processed Diamonds   | 78,343         | 86,014         |
| Gold  | 457,704        | 323,157        |
| Others  | 220            | 210            |
|   | <u>536,267</u> | <u>409,381</u> |
| <b>PURCHASE OF TRADED GOODS</b>   |                |                |
| Gold / Jewellery  | 1              | 9,967          |
| Diamonds  | 1,072          | -              |
|   | <u>1,073</u>   | <u>9,967</u>   |
| <b>CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE</b>  |                |                |
| Inventories at the beginning of the year  |                |                |
| Finished Goods  | 14,440         | 11,521         |
| Inventories at the end of the year  |                |                |
| Finished Goods  | 22,897         | 14,440         |
| Net (increase)/decrease   | <u>(8,457)</u> | <u>(2,919)</u> |
| <b>Note :</b>   |                |                |
| The Company has taken gold on loan from various banks. The said gold has been processed and sales of Jewellery made. The value of purchase and sale is taken on the basis of the provisional sale certificate of the bank. The final value of purchase and sale is recorded on the date of repayment of the loan or on final price confirmation of gold loan on the basis of forward contract booked with the difference of sale and purchase amount being recorded to respective accounts. The closing stock of Raw Materials-Gold includes Gold valued at ₹ 18,016 Lacs (₹ 10,047 Lacs) taken on loan from Banks under the EXIM-Gold Loan Scheme. |                |                |
| <b>Note 24. EMPLOYEE BENEFITS EXPENSES</b>  |                |                |
| Salaries & Wages, Bonus, Gratuity and Allowances  | 570            | 428            |
| Contribution to PF, ESIC and Gratuity Fund  | 18             | 27             |
| Remuneration to whole time Directors  | 37             | 43             |
| Staff Welfare Expenses  | 55             | 34             |
| <b>Total</b>  | <u>680</u>     | <u>532</u>     |

The Accounting Standard – AS 15 (revised 2005) on Employee Benefits issued by the Institute of Chartered Accountants of India has been adopted by the Company. The details as provided by the Insurance Company for the year ended 31<sup>st</sup> March, 2012 are reproduced here below:

**a) Defined Contribution Plan:**

The Company has recognized ₹ 13 Lacs (₹ 18 Lacs) towards contribution made to Employees Provident and family Pension Fund.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

### Note 24. EMPLOYEE BENEFITS EXPENSES (Contd.)

#### b) Defined Benefit Plan:

| Sr.      | Particulars  | As on<br>31 <sup>st</sup> March, 2012 | As on<br>31 <sup>st</sup> March, 2011 |
|----------|--|---------------------------------------|---------------------------------------|
| <b>1</b> | <b>Assumption</b>  |                                       |                                       |
|          | (a) Discount Rate  | 8%                                    | 8%                                    |
|          | (b) Salary Escalation  | 4%                                    | 4%                                    |
| <b>2</b> | <b>Change in the Present Value of Obligation</b>   |                                       |                                       |
|          | (a) Present Value of Obligation as at beginning of year  | 25.25                                 | 17.68                                 |
|          | (b) Interest Cost  | 2.02                                  | 1.41                                  |
|          | (c) Past Service Cost  | Nil                                   | Nil                                   |
|          | (d) Current Service Cost   | 4.82                                  | 3.42                                  |
|          | (e) Curtailment Cost/(Credit)  | Nil                                   | Nil                                   |
|          | (f) Settlement Cost/(Credit)   | Nil                                   | Nil                                   |
|          | (g) Benefits Paid  | (5.85)                                | (0.78)                                |
|          | (h) Actuarial Gain/(Loss) on obligation  | 0.07                                  | 3.53                                  |
|          | (i) Present Value of Obligation as at 31 <sup>st</sup> March, 2012   | 26.32                                 | 25.25                                 |
| <b>3</b> | <b>Change in the Fair Value of Plan Assets</b>   |                                       |                                       |
|          | (a) Fair Value of Plan Assets as at 1 <sup>st</sup> April, 2011  | 32.02                                 | 22.23                                 |
|          | (b) Expected Return on Plan Assets   | 2.68                                  | 1.94                                  |
|          | (c) Employer's Contributions   | 4.75                                  | 8.63                                  |
|          | (d) Benefits Paid  | (5.85)                                | (0.78)                                |
|          | (e) Actuarial Gain/(Loss) on Plan Assets   | Nil                                   | Nil                                   |
|          | (f) Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2012   | 33.60                                 | 32.02                                 |
| <b>4</b> | <b>Table showing Fair Value of Plan Assets</b>   |                                       |                                       |
|          | (a) Fair value of Plan Assets at beginning of year   | 32.02                                 | 22.23                                 |
|          | (b) Actual return on Plan Assets   | 2.68                                  | 1.95                                  |
|          | (c) Contributions  | 4.75                                  | 8.63                                  |
|          | (d) Benefits Paid  | (5.85)                                | (0.78)                                |
|          | (e) Fair Value of Plan Assets at the year end  | 33.60                                 | 32.02                                 |
|          | (f) Funded Status  | 7.28                                  | 6.76                                  |
|          | (g) Excess of Actual over Estimated Return on Plan Assets<br>(Actual Rate of Return = Estimated Rate of Return as ARD falls on 31 <sup>st</sup> March) | Nil                                   | Nil                                   |
| <b>5</b> | <b>Actuarial Gain/Loss recognized</b>  |                                       |                                       |
|          | (a) Actuarial (Gain)/Loss for the year-Obligation  | (0.07)                                | (3.53)                                |
|          | (b) Actuarial (Gain)/Loss for the year-Plan Assets   | Nil                                   | Nil                                   |
|          | (c) Total (Gain)/Loss for the year – Obligation  | 0.07                                  | 3.53                                  |
|          | (d) Actuarial (Gain)/Loss recognized in the year   | 0.07                                  | 3.53                                  |
| <b>6</b> | <b>The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss</b>  |                                       |                                       |
|          | (a) Present Value of Obligations as at the end of year   | 26.32                                 | 25.25                                 |
|          | (b) Fair value of Plan Assets as at the end of the year  | 33.60                                 | 32.02                                 |
|          | (c) Funded Status  | 7.28                                  | 6.76                                  |
|          | (d) Net Assets/(Liability) recognized in Balance Sheet   | (7.28)                                | (6.76)                                |
| <b>7</b> | <b>Expenses recognized in Statement of Profit and Loss</b>   |                                       |                                       |
|          | (a) Current Service cost   | 4.82                                  | 3.42                                  |
|          | (b) Interest Cost  | 2.02                                  | 1.41                                  |
|          | (c) Expected Return on Plan Assets   | (2.68)                                | (1.94)                                |
|          | (d) Net Actuarial (Gain)/Loss recognized in the year   | 0.07                                  | 3.53                                  |
|          | (e) Expenses recognized in Statement of Profit & Loss  | 4.23                                  | 6.41                                  |

Note : The estimate of future salary increases considered in actuarial valuation taking into account inflation, seniority, promotion and other relevant factors.

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012

|   | (₹ In Lacs)  |               |
|---|--------------|---------------|
|   | Current Year | Previous Year |
| <b>Note 25. FINANCE COSTS</b>   |              |               |
| Interest Expense  | 3,118        | 3,214         |
| Bank Charges and other Borrowing costs  | 2,373        | 1,909         |
| Net loss on Foreign Currency Transactions and Translations  | 2,853        | 1,211         |
| <b>Total</b>  | <b>8,344</b> | <b>6,334</b>  |
| <b>Note 26. OTHER EXPENSES</b>  |              |               |
| <b>MANUFACTURING EXPENSES</b>   |              |               |
| Labour Charges /Assortment Charges  | 1,685        | 1,336         |
| Power and Fuel consumed   | 143          | 94            |
| Stores, spares and packing materials consumed   | 200          | 144           |
| Repairs - Plant and Machinery   | 50           | 26            |
| Repairs - Factory Buildings   | 53           | 14            |
| Repairs - Others  | 71           | 39            |
| Packing Material  | 4            | 3             |
| Lease Rent  | 44           | 39            |
|   | <b>2,250</b> | <b>1,695</b>  |
| Directors' fees   | 8            | 4             |
| Insurance   | 293          | 232           |
| Rates and Taxes (including wealth tax)  | 33           | 33            |
| Donation - Others   | 220          | 222           |
| Freight & Forwarding Charges  | 142          | 124           |
| Payments to statutory auditors  |              |               |
| as auditors   | 12           | 12            |
| for tax audit   | 2            | 2             |
| for certification   | 4            | 3             |
| for company law matters   | 1            | 1             |
| reimbursement of expenses (out of pocket expenses)  | 1            | 1             |
|   | <b>20</b>    | <b>19</b>     |
| Legal, professional and consultancy charges   | 239          | 195           |
| Advertisement, Publicity and Sale Promotion   | 24           | 20            |
| Net gain/loss on foreign currency transactions/<br>translation (other than reflected in finance costs)  | 5,474        | -             |
| Miscellaneous Expenses  | 410          | 254           |
| <b>TOTAL</b>  | <b>9,113</b> | <b>2,797</b>  |
| <b>Note :</b>   |              |               |
| 1 Rates and Taxes including ₹ 25 lacs; Previous year ₹ 9 lacs towards stamp duty.   |              |               |
| 2 Insurance charges includes ₹ 249 lacs; Previous year ₹ 202 lacs for ECGC Premium reimbursed to banks.   |              |               |
| 3 The Company has various operating leases for factory premises and office facilities that are renewable on a periodic basis and can be terminated at the option of either party. Rental expenses for operational leases recognized in the Statement of Profit and Loss for the year are ₹ 43 Lacs (₹ 39 Lacs).<br>Minimum future lease rentals payable are : |              |               |
| (a) Payable within one year   | 32           | 27            |
| (b) Payable within one year and five years  | 16           | 73            |
| (c) Payable after five years  | 10           | Nil           |



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

|   |   | (₹ In Lacs)       |               |
|---|---|-------------------|---------------|
|   |   | Current Year      | Previous Year |
| <b>Note 26. OTHER EXPENSES (Contd.)</b>   |   |                   |               |
| Minimum future lease rentals receivable in respect of assets given on operating lease in the form of Plant and Machinery after 01/10/2002 and Building after 01/08/2001 are : |   |                   |               |
| (a) Receivable within one year  |   | 7                 | 10            |
| (b) Receivable within one year and five years   |   | 8                 | 9             |
| (c) Receivable after five years   |   | Nil               | Nil           |
| <b>Prior Period Expenses</b>  |   |                   |               |
| The expenses includes Expenses for the prior period   |   |                   |               |
| Rent  |   | 1                 | -             |
| Bank Interest   |   | 4                 | 1             |
| Professional Fees   |   | 15                | -             |
| Misc  |   | 2                 | 1             |
| <b>TOTAL</b>  |   | <b>22</b>         | <b>2</b>      |
| <b>Note 27. Earnings per share:</b>   |   |                   |               |
| <b>Profit computation for both Basic and Diluted earnings per share of ₹ 10 each</b>  |   |                   |               |
| Net profit as per Statement of Profit and Loss  |   | 9,575             | 11,165        |
| <b>Weighted Average No. of Equity Shares</b>  |   |                   |               |
| Shares at the beginning of the year   | A | 66,844,258        | 61,844,258    |
| Shares allotted during the year   | B | 36,763,636        | 5,000,000     |
| <b>Date of allotment</b>  |   | <b>01.02.2012</b> | 14.10.2010    |
| Effective No. of shares (allotted during the year)  |   |                   |               |
| For calculation of EPS on the basis of No. of days  | C | 6,127,273         | 2,315,068     |
| Total Shares for calculation of EPS (A+C)   | D | 72,971,531        | 64,159,326    |
| Less: Shares which are partly paid –  |   |                   |               |
| to the extent of 50%  | E | 274,024           | 274,215       |
| 50% thereof   | F | 137,012           | 137,108       |
| <b>Weighted Average No. of Equity Shares for EPS (D-F)</b>  |   | <b>72,834,519</b> | 64,022,218    |
| Total Shares as at the close of the year (A+B)  |   | 103,607,894       | 66,844,258    |
| Earning per Share (₹)   |   | 13.15             | 17.44         |
| <b>Note 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>   |   |                   |               |
| <b>(A) Contingent Liabilities</b>   |   |                   |               |
| (a) EPCG Benefits   |   | 752               | 256           |
| (Custom Duties payable if Export obligation not met)  |   |                   |               |
| (b) Guarantees  |   | 9,922             | 8,697         |
|   |   | <b>10,674</b>     | 8,953         |
| <b>(B) Commitments</b>  |   |                   |               |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for  |   | 54                | 10            |
| <b>TOTAL [(A) + (B)]</b>  |   | <b>10,728</b>     | 8,963         |

The Company has implemented the Provisions of Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets. The Company has recognized contingent liabilities as given above and as such no provision is required to be made. The Company does not have any Contingent Assets which require provision.

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



**Note 29.** During the year under review the Company has entered into transactions in relation to derivative instruments. As certified by the management, the transactions were entered into for hedging based on underlying exposure and in accordance with Risk Management Policy of the Company and relevant guidelines issued by RBI. As disclosed by the Company, transactions outstanding on the balance sheet date which may entail loss in subsequent period were in respect of Forward Contracts for hedging foreign exchange exposure in relation to receivable and payable numbering to 68 (116) amounting to ₹ 284,750 lacs (₹ 193,469 lacs). Option Contracts numbering to 49 (4) amounting to ₹ 346,330 lacs (₹ 160,56 lacs) are also outstanding as on the Balance Sheet date.

**Note 30.** As per the provisions of Accounting Standard 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India, the details of the Primary and Secondary Segment are given below:

## SEGMENT INFORMATION FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### (A) INFORMATION ABOUT PRIMARY BUSINESS SEGMENT

(₹ in Lacs)

|   | Diamond  | Jewellery | Bullion | Un-allocated | Total     |
|---|----------|-----------|---------|--------------|-----------|
| <b>REVENUE</b>                                |          |           |         |              |           |
| (A) Sales                                     | 90,324   | 462,583   |         |              | 552,907   |
|   | (88,596) | (332,386) |         | (9,732)      | (430,714) |
| (B) Other Income                              | 905      | 470       | 384     | 5,188        | 6,947     |
|   | (974)    | (1,528)   | (477)   | (4,935)      | (7,914)   |
| <b>RESULTS</b>                                |          |           |         |              |           |
| Profit Before Interest, Depreciation And Tax  | 2,753    | 12,854    | 384     | 5,188        | 21,179    |
|   | (2,509)  | (10,948)  | (477)   | (4,935)      | (18,869)  |
| Depreciation                                  | 428      | 378       |         |              | 806       |
|   | (302)    | (412)     |         |              | (714)     |
| Profit Before Interest                        | 2,320    | 12,476    | 384     | 5,188        | 20,368    |
|   | (2,207)  | (10,536)  | (477)   | (4,935)      | (18,155)  |
| Less: Finance Cost                            |          |           |         |              | 8,344     |
|   |          |           |         |              | (6,334)   |
| Profit Before Tax                             |          |           |         |              | 12,029    |
|   |          |           |         |              | (11,821)  |
| Provision For Tax<br>(Including Deferred Tax) |          |           |         |              | 2,453     |
|   |          |           |         |              | (656)     |
| Profit After Tax                              |          |           |         |              | 9,575     |
|   |          |           |         |              | (11,165)  |
| <b>OTHER INFORMATION</b>                      |          |           |         |              |           |
| Segment Assets                                | 72,514   | 329,614   | 15,960  | 47,140       | 465,228   |
|   | (59,844) | (230,347) | (9,032) | (56,259)     | (355,482) |
| Segment Liabilities                           | 38,881   | 284,072   | 15,322  | 763          | 339,038   |
|   | (38,588) | (209,174) | (8,491) | (2,878)      | (259,131) |
| Share Capital & Reserves                      |          |           |         |              | 125,614   |
|   |          |           |         |              | (95,829)  |
| Deferred Taxation                             |          |           |         |              | 576       |
|   |          |           |         |              | (522)     |
| Non-cash expenses Other than depreciation     |          |           |         |              | Nil       |
|   |          |           |         |              | (Nil)     |

### (B) INFORMATION ABOUT SECONDARY BUSINESS SEGMENT : STATEMENT OF CONTINENT-WISE SALES

|                   | (FY 2011-12)   |               | (FY 2010-11)   |               |
|-------------------|----------------|---------------|----------------|---------------|
|                   | ₹ in Lacs      | %             | ₹ in Lacs      | %             |
| North America     | 71,710         | 12.98         | 60,465         | 14.04         |
| Europe            | 92,692         | 16.76         | 75,050         | 17.42         |
| Middle East       | 284,551        | 51.46         | 228,249        | 53.00         |
| Asia And Far East | 103,954        | 18.80         | 66,950         | 15.54         |
| Total             | <b>552,907</b> | <b>100.00</b> | <b>430,714</b> | <b>100.00</b> |

**Note 31.** As per the provisions of Accounting Standard 18 - "Related Party Transactions" issued by the Institute of Chartered Accountants of India, the details of Related Party Transactions based on disclosure certificate issued by the Directors, is as mentioned herein below:

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| List of Related Parties : | Particulars   |
|---------------------------|---|
| Subsidiaries              | Su-Raj Diamonds N. V.,<br>Su-Raj Diamonds & Jewelry USA Inc.,<br>Su-Raj Diamonds and Jewellery DMCC,<br>Su-Raj Diamond (H.K.) Limited |
| Associates                | Forever Precious Jewellery and Diamonds Limited,<br>Su-Raj Diamond Dealers Limited,<br>Revah Corporation Limited                      |

**A. Transactions for the year ended 31.03.2012** **(₹ in Lacs)**

|  | Subsidiaries     | Associates         | Total              |
|--|------------------|--------------------|--------------------|
| 1. Purchases                           | 484<br>(1,143)   | 185<br>(773)       | 669<br>(1,916)     |
| 2. Sales                               | 2,070<br>(1,549) | 37,209<br>(46,689) | 39,279<br>(48,238) |
| 3. Labour charges paid                 | Nil<br>(Nil)     | Nil<br>(2)         | Nil<br>(2)         |
| 4. Labour Charges received             | Nil<br>(Nil)     | 349<br>(124)       | 349<br>(124)       |
| 5. Loan Given                          | Nil<br>(Nil)     | Nil<br>(1)         | Nil<br>(1)         |
| 6. Loan Received back                  | Nil<br>(Nil)     | Nil<br>(1)         | Nil<br>(1)         |
| 7. Loan Taken                          | Nil<br>(Nil)     | Nil<br>(10)        | Nil<br>(10)        |
| 8. Guarantee Given                     | Nil<br>(3,290)   | Nil<br>(Nil)       | Nil<br>(3,290)     |
| 9. Equity Contribution                 | 293<br>(Nil)     | Nil<br>(3,000)     | 293<br>(3,000)     |
| <b>B. Outstanding as on 31.03.2012</b> |                  |                    |                    |
| 1. Debtors                             | 144<br>(85)      | Nil<br>(3,110)     | 144<br>(3,195)     |
| 2. Creditors                           | 885<br>(863)     | Nil<br>(49)        | 885<br>(912)       |
| 3. Loans and Advances                  | Nil<br>(Nil)     | 9<br>(10)          | 9<br>(10)          |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



**Note 32.** The Engineering Division at Jodhpur has closed its operation. During the year it has incurred a loss of ₹ Nil (₹ Nil). The carrying value of the total assets to be disposed off at Jodhpur is ₹ 101 lacs (₹ 101 lacs) as at the Balance Sheet date.

**Note 33.** Additional information required under Para 4-D of Part-II of Schedule VI to the Companies Act, 1956 as certified by a Director is as follows

|    |  | (₹ In Lacs)    |                   |
|----|--|----------------|-------------------|
|    |  | Current Year   | Previous Year     |
| a) | Value of Imports on CIF basis                        |                |                   |
|    | Raw Materials  | 567,792        | 421,957           |
|    | Stores and Spares                                    | 62             | 26                |
|    | Capital Goods  | 678            | 85                |
|    |  | <b>568,532</b> | <b>422,068</b>    |
| b) | Expenditure in foreign currency on account of        |                |                   |
|    | Travelling Expenses                                  | 4              | 2                 |
|    | Repairs and Maintenance                              | 1              | -                 |
|    | Professional Fees                                    | 3              | -                 |
|    |  | <b>8</b>       | <b>2</b>          |
| c) | i) Break-up of the value of Raw Materials Consumed : | <b>Rupees</b>  | <b>Percentage</b> |
|    | Imported   | 472,850        | 87                |
|    |  | (326,628)      | (82)              |
|    | Indigenous   | 69,470         | 13                |
|    |  | (75,730)       | (18)              |
|    |  | <b>542,320</b> | <b>100</b>        |
|    |  | (402,358)      | (100)             |
|    | ii) Break-up of Stores and Spares Consumed :         |                |                   |
|    | Imported   | 92             | 46                |
|    |  | (27)           | (24)              |
|    | Indigenous   | 108            | 54                |
|    |  | (117)          | (76)              |
|    |  | <b>200</b>     | <b>100</b>        |
|    |  | (144)          | (100)             |
| d) | Remittance of dividend in foreign currency :         |                |                   |
|    | No. of Non-Resident Shareholders                     | 227            | 237               |
|    | No. of shares held by them                           | 147,090        | 151,507           |
|    | Dividend Year  | 2010-2011      | 2009-2010         |
|    | Dividend Amount (₹ In Lacs)                          | 1.84           | 1.52              |
| e) | Earning in Foreign Exchange :                        | <b>Rupees</b>  | <b>Rupees</b>     |
|    | i) Export of Goods on F.O.B. basis                   | 549,412        | 415,415           |
|    | ii) Recovery of Freight and Insurance                | 109            | 81                |
|    |  | <b>549,521</b> | <b>415,496</b>    |

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## Note 34. Subsequent Events

### Allotment of Equity Shares upon conversion of convertible warrants issued in October 2010.

The Company had issued 3,400,000 Optionally Fully Convertible Warrants with an issue price of ₹ 70/- to Kohinoor Diamonds Pvt. Ltd. (KDPL), a promotor group company, on 14<sup>th</sup> October, 2010. At the time of the issue and allotment of warrants, 25% of the issue price i.e. ₹ 17.50 per warrant was paid whereas the balance 75% i.e. ₹ 52.50 per warrant was payable while exercising option to have warrants converted into Equity Share of the company at any time within 18 months from the date of allotment of warrants i.e. on or before 13<sup>th</sup> April, 2012. KDPL exercised its option in respect of 400,000 warrants by paying up the balance 75% of the issue price in respect thereof and was allotted equal no. of fully paid up Equity Shares of ₹ 10/- each on 1<sup>st</sup> February, 2012. Subsequent to the date of balance sheet, on 13<sup>th</sup> April, 2012, KDPL exercised its option in respect of balance 3,000,000 warrants and paid ₹ 1,575 lacs, being balance 75% of the issue price in respect thereof and was allotted equal no. of fully paid-up Equity Shares of ₹ 10/- each. As a result, the paid-up equity share capital of the Company has increased from ₹ 10,361/- lacs to ₹ 10,661 lacs.

### DISINVESTMENT OF HOLDING IN OVERSEAS SUBSIDIARIES

The Board at its Meeting held on 14<sup>th</sup> February, 2012, had mandated disinvestment by the Company of its holding in 3 of its Overseas Subsidiaries, viz. Su-Raj Diamonds & Jewelry USA Inc. (USA), Su-Raj Diamonds NV (Belgium) and Su-Raj Diamond (HK) Ltd. (Hong Kong). Accordingly, the Company has disinvested its total holdings in the above 3 subsidiaries during the current financial year (FY 2012-13) for aggregate consideration of USD 15.08 million (₹ 7,673 lacs) against investment of USD 14.6 million (₹ 6,619 lacs).

**Note 35.** Letters have been issued to Sundry Debtors and Sundry Creditors for confirmation. Confirmations have been received from some of the parties.

**Note 36.** The provision for depreciation and for all known liabilities are adequate and not in excess of the amounts reasonably necessary.

**Note 37.** As per the information available with the Company and certified by them, total outstanding due to Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year is ₹ Nil (Nil).

**Note 38.** Figures in brackets in notes 1 to 35 pertain to previous year.

**Note 39.** The financial statements for the year ended 31<sup>st</sup> March 2012 are prepared under revised schedule VI and accordingly previous Year's figures have been re-arranged, re-grouped or re-classified wherever necessary.

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**

Chartered Accountants  
(FRN 108832W)

**Rajnikant C. Reshamwala**

Partner  
Membership No. 5502

Mumbai, 27<sup>th</sup> August, 2012

**Asish Narayan**  
Company Secretary

For and on behalf of the Board

**Madan B. Khurjekar**

Director

**Ramesh I. Parikh**

Director - Finance

**R. Ravichandran**

Director - Operations



# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

| 1. Name of the Subsidiary  | SU-RAJ DIAMONDS N. V.          | SU-RAJ DIAMONDS & JEWELRY USA, INC. | SU-RAJ DIAMONDS & JEWELLERY DMCC | SU-RAJ DIAMOND (H.K.) LTD.       |
|--|--------------------------------|-------------------------------------|----------------------------------|----------------------------------|
| 2. Financial Period of the subsidiary ended on   | 31 <sup>st</sup> March, 2012   | 31 <sup>st</sup> March, 2012        | 31 <sup>st</sup> March, 2012     | 31 <sup>st</sup> March, 2012     |
| 3. Date from which it became a subsidiary  | 1 <sup>st</sup> April, 2003    | 3 <sup>rd</sup> July, 2006          | 20 <sup>th</sup> June, 2006      | 4 <sup>th</sup> August, 2006     |
| 4. Shares of the Subsidiary held by the Company on the above date  |                                |                                     |                                  |                                  |
| a) Number and face value   | 30,088 Shares<br>Euro 248 each | 36 Shares<br>US \$ 100000 each      | 7,300 Shares<br>AED 1000 each    | 23,400,000 shares<br>HK\$ 1 each |
| b) Extent of Holding   | 92%                            | 100%                                | 100%                             | 100%                             |
| 5. Net aggregate amount of Profits/(Loss) of the subsidiary for the above financial period of the subsidiary so far as they concern members of the Company               |                                |                                     |                                  |                                  |
| a) dealt with in the accounts of the Company for year ended 31 <sup>st</sup> March, 2012   | Nil                            | Nil                                 | Nil                              | Nil                              |
| b) not dealt with in the accounts of the Company for the year ended 31 <sup>st</sup> March, 2012   | Euro 368,366.09*               | US \$ 88,710                        | AED 2,147,697                    | HK \$ 527,572                    |
| 6. Net aggregate amount of Profits/(Loss) for the previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company |                                |                                     |                                  |                                  |
| a) dealt with in the accounts of the Company for the year ended 31 <sup>st</sup> March, 2012   | Nil                            | Nil                                 | Nil                              | Nil                              |
| b) not dealt with in the accounts of the company for the year ended 31 <sup>st</sup> March, 2012   | Euro 1,432,591.13              | US\$ 256,005                        | AED 6,912,734                    | HK \$ 1,780,540                  |

\* Includes share of profit of 8% held through another wholly owned subsidiary.

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**

Chartered Accountants  
(FRN 108832W)

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

**Mumbai, 27<sup>th</sup> August, 2012**

**Asish Narayan**  
Company Secretary

For and on behalf of the Board

**Madan B. Khurjekar**

Director

**Ramesh I. Parikh**

Director - Finance

**R. Ravichandran**

Director - Operations

# ANNUAL REPORT 2011-2012

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# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors

Winsome Diamonds and Jewellery Limited.

We have audited the attached Consolidated Balance Sheet of **Winsome Diamonds Group as at 31<sup>st</sup> March, 2012**, and also the consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Winsome Diamonds Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding its subsidiaries and associates. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries viz; Su-Raj Diamonds NV (100 %), Su-Raj Diamonds and Jewelry USA, Inc. (100 %), Su-Raj Diamond (H.K.) Ltd. (100 %) and Su-Raj Diamonds and Jewellery DMCC (100 %) for the year 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012. We did not audit the financial statements of the associate companies viz. Su-Raj Diamond Dealers Limited, and Revah Corporation Limited whereas we have audited financial statements of associate company viz Forever Precious Jewellery and Diamonds Limited. The financial statements and other financial information of the subsidiaries and associate companies have been audited or reviewed for the full year and the same are considered for consolidation.

We did not audit the financial statement of the subsidiaries, whose financial statements reflect total assets of ₹ 30,324 lacs at 31<sup>st</sup> March 2012, the total revenue of ₹ 67,939 lacs and cash flow amounting ₹ 1,415 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of other auditors.

We report that the consolidated financial statements have been prepared by Winsome Diamonds Group's management in accordance with the requirements of Accounting Standards (AS) 21-Consolidated Financial Statements, and Accounting Standard (AS) 23-Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Based on our audit of Winsome Diamonds and Jewellery Ltd. and on consideration of the audited or reviewed reports of the auditors of the subsidiary companies and of the unaudited accounts of the associate companies and on the basis of other financial information of the subsidiaries and associates, to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of Winsome Diamonds Group as at 31<sup>st</sup> March, 2012;
- (b) in the case of Consolidated Profit and Loss account, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow statement, of the cash flows for the year ended on that date.

**FOR R.C.RESHAMWALA & CO.**  
 CHARTERED ACCOUNTANTS  
 FRN : 103882W

**RAJNIKANT C. RESHAMWALA**  
 PARTNER  
 MEMBERSHIP NO. 5502

Mumbai, 27<sup>th</sup> August, 2012

### ANNEXURE TO AUDITORS REPORT STATEMENT OF HOLDING IN SUBSIDIARIES AND ASSOCIATE COMPANIES

| NAME OF THE COMPANY                          | COUNTRY OF INCORPORATION | % OF HOLDING |   |
|--|--------------------------|--------------|---|
| <b>SUBSIDIARIES</b>                          |                          |              |   |
| Su-Raj Diamonds N.V.                         | Belgium                  | 100 *        | * 8 % through Su-Raj Diamonds (HK) Ltd. |
| Su-Raj Diamonds and Jewelry USA Inc.         | USA                      | 100          |   |
| Su-Raj Diamonds & Jewellery DMCC             | UAE                      | 100          |   |
| Su-Raj Diamond (HK) Ltd                      | Hong Kong                | 100          |   |
| <b>ASSOCIATES</b>                            |                          |              |   |
| Su-Raj Diamond Dealers Ltd.                  | India                    | 40           |   |
| Forever Precious Jewellery and Diamonds Ltd. | India                    | 45.43        |   |
| Revah Corporation Ltd.                       | India                    | 49           |   |

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## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012

|   |      |         | (₹ in Lacs)    |               |
|---|------|---------|----------------|---------------|
|   | Note |         | Current Year   | Previous Year |
| <b>A EQUITY AND LIABILITIES</b>           |      |         |                |               |
| <b>1 Shareholders' Funds</b>              |      |         |                |               |
| (a) Share Capital                         | 2    | 10,347  |                | 6,671         |
| (b) Reserves and Surplus                  | 3    | 124,358 |                | 94,953        |
| (c) Money received against share warrants | 4    | 525     |                | 595           |
|   |      |         | <b>135,230</b> | 102,219       |
| <b>2 Non-Current Liabilities</b>          |      |         |                |               |
| (a) Long-Term Borrowings                  | 5    | 502     |                | 246           |
| (b) Deferred Tax Liabilities (Net)        | 6    | 574     |                | 522           |
|   |      |         | <b>1,076</b>   | 768           |
| <b>3 Current Liabilities</b>              |      |         |                |               |
| (a) Short-Term Borrowings                 | 7    | 60,516  |                | 60,934        |
| (b) Trade Payables                        | 8    | 293,937 |                | 213,990       |
| (c) Other Current Liabilities             | 9    | 620     |                | 623           |
| (d) Short-Term provisions                 | 10   | 130     |                | 1,124         |
|   |      |         | <b>355,203</b> | 276,671       |
| <b>TOTAL</b>                              |      |         | <b>491,509</b> | 379,658       |
| <b>B ASSETS</b>                           |      |         |                |               |
| <b>1 Non-Current Assets</b>               |      |         |                |               |
| (a) Fixed Assets                          |      |         |                |               |
| (i) Tangible Assets                       | 11   | 7,571   |                | 5,590         |
| (ii) Intangible Assets                    | 12   | 34      |                | 31            |
| (iii) Capital Work in Progress            | 13   | 69      |                | 121           |
| (b) Non-Current Investments               | 14   | 13,299  |                | 11,720        |
| (c) Long-term Loans and Advances          | 15   | 1,211   |                | 1,278         |
|   |      |         | <b>22,184</b>  | 18,740        |
| <b>2 Current Assets</b>                   |      |         |                |               |
| (a) Current Investments                   | 16   | -       |                | 1             |
| (b) Inventories                           | 17   | 65,008  |                | 57,433        |
| (c) Trade Receivables                     | 18   | 370,793 |                | 261,497       |
| (d) Cash and Cash Equivalents             | 19   | 30,253  |                | 38,941        |
| (e) Short-Term Loans and Advances         | 20   | 3,271   |                | 3,046         |
|   |      |         | <b>469,325</b> | 360,918       |
| <b>TOTAL</b>                              |      |         | <b>491,509</b> | 379,658       |

Significant Accounting Policies  
Notes on Financial Statements

1  
2 to 38

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**

Chartered Accountants  
(FRN 108832W)

For and on behalf of the Board

**Madan B. Khurjekar**

Director

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

**Ramesh I. Parikh**

Director - Finance

Mumbai, 27<sup>th</sup> August, 2012

**Asish Narayan**  
Company Secretary

**R. Ravichandran**

Director - Operations

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in Lacs)

|  | Note    | Current Year | Previous Year |
|--|---------|--------------|---------------|
| <b>REVENUE</b>   |         |              |               |
| I. Revenue from Operations   | 21      | 620,049      | 489,492       |
| II. Other Non-Operating Income                                       | 22      | 5,191        | 7,116         |
| III. Total Revenue (I+II)  |         | 625,240      | 496,608       |
| <b>IV. EXPENSES</b>  |         |              |               |
| Cost of Materials Consumed   | 23      | 566,070      | 428,583       |
| Purchases of Stock-in-trade  |         | 33,493       | 49,633        |
| Changes in Inventories of Finished goods, Stock-in-trade             |         | (8,290)      | (5,938)       |
| Employee Benefits Expenses   | 24      | 1,122        | 798           |
| Finance Costs  | 25      | 8,791        | 6,722         |
| Depreciation and Amortization Expense                                | 11 & 12 | 830          | 727           |
| Other Expenses   | 26      | 10,570       | 3,276         |
| Total Expenses   |         | 612,586      | 483,801       |
| V. Profit before Tax (III-IV)  |         | 12,654       | 12,807        |
| <b>VI. Tax Expense of continuing operations:</b>                     |         |              |               |
| Current Tax  |         | 2,430        | 729           |
| Deferred Tax   |         | 53           | (44)          |
|  |         | 2,483        | 685           |
| VII. Profit / (Loss) for the Year from continuing operations (V-VI)  |         | 10,171       | 12,122        |
| VIII. Share of Profits from Associates                               |         | 1,585        | 932           |
| IX. Profit / (Loss) for the year [Profit After Tax (PAT)] (VII-VIII) |         | 11,756       | 13,054        |
| X. Earnings per Equity Share   | 27      |              |               |
| Basic & Diluted  |         | 16.14        | 20.39         |

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**

Chartered Accountants  
(FRN 108832W)

For and on behalf of the Board

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

Mumbai, 27<sup>th</sup> August, 2012

**Asish Narayan**  
Company Secretary

**Madan B. Khurjekar**

**Ramesh I. Parikh**

**R. Ravichandran**

Director

Director - Finance

Director - Operations

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

(₹ In Lacs)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                     |              |               |
| Net Profit before Tax   | 12,654       | 12,807        |
| <b>Adjustments for :</b>  |              |               |
| Depreciation  | 830          | 727           |
| Interest Income   | (5,024)      | (4,740)       |
| Finance Cost  | 8,791        | 6,722         |
| Dividend Income   | (7)          | (3)           |
| Proportionate share of profit from Associate Companies            | 1,585        | (932)         |
| (Profit)/Loss on Sale of Assets (Net) and Investment              | (9)          | (4)           |
| Operating Profit before working capital changes                   | 18,820       | 16,441        |
| <b>Adjustments for :</b>  |              |               |
| Trade and Other Receivables                                       | (109,589)    | (61,629)      |
| Inventories   | (7,575)      | (9,641)       |
| Trade Payable   | 79,942       | 73,337        |
|   | (18,402)     | 18,498        |
| Taxes paid  | (2,314)      | (808)         |
| Cash generated from operating activities                          | (20,716)     | 17,690        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                     |              |               |
| Purchase of Fixed Assets  | (2,788)      | (587)         |
| Sale of Fixed Assets  | 35           | 165           |
| Purchase of Investments   | (1,578)      | (3,882)       |
| Interest Received   | 5,024        | 4,740         |
| Dividend Received   | 7            | 3             |
| Net cash from investing activities                                | 700          | 439           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                     |              |               |
| Proceeds from Share Premium                                       | 16,544       | 3,510         |
| Proceeds from Short Term borrowings                               | (418)        | 4,635         |
| Proceeds from Long Term borrowings                                | 256          | -             |
| Proceeds from Share Capital                                       | 3,667        | 585           |
| Proceeds from Foreign Currency Translation Reserve                | 1,045        | (1)           |
| Interest and Bank charges Paid                                    | (8,791)      | (6,722)       |
| Dividend Paid with Tax  | (975)        | (724)         |
| Net cash from financing activities                                | 11,328       | 1,283         |
| Net increase/(decrease) in cash and cash equivalent (A+B+C)       | (8,688)      | 19,412        |
| Cash and Cash equivalent as at 1st April, 2011 (Opening Balance)  | 38,941       | 19,529        |
| Cash and Cash equivalent as at 31st March, 2012 (Closing Balance) | 30,253       | 38,941        |

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**

Chartered Accountants  
(FRN 108832W)

**Rajnikanth C. Reshamwala**  
Partner  
Membership No. 5502

Mumbai, 27<sup>th</sup> August, 2012

**Jaikumar Kapoor**  
Chief Financial Officer

**Asish Narayan**  
Company Secretary

For and on behalf of the Board

**Madan B. Khurjekar**

Director

**Ramesh I. Parikh**

Director - Finance

**R. Ravichandran**

Director - Operations



# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### Note 1. Summary of Significant Accounting Policies followed by the Company

#### Basis of Accounting and Preparation of Financial statements:

These consolidated financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) and the other relevant provisions of the Companies Act, 1956.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

#### 1. System of Accounting and Preparation of Financial Statements:

- The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and complying with the Accounting Standard (AS-21) – Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- All income and expenditure items are accounted on accrual basis.
- Financial statements are based on historical costs. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

#### 2. Principles of Consolidation:

- The consolidated financial statements comprise the financial statement of Winsome Diamonds & Jewellery Limited ('The Company') and its wholly owned subsidiaries, being foreign companies, viz. Su-Raj Diamonds NV, Su-Raj Diamonds & Jewelry USA, Inc., Su-Raj Diamonds & Jewellery DMCC, Su-Raj Diamond (HK) Limited and its Associates in India are Su-Raj Diamond Dealers Limited, Forever Precious Jewellery & Diamonds Limited, Revah Corporation Limited.
- The financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, if any.
- The accounts of the foreign subsidiaries have been prepared in compliance with the local laws applicable.
- The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as that followed by the company in its separate financial statements.
- Investment in associate companies is accounted as per Accounting Standard (AS)23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- The excess/shortage of the share of equity in the subsidiaries over its cost of investments are recognized as Capital Reserve / Goodwill and adjusted under the head Reserves and Surplus.

### 3. Reporting Dates of Subsidiaries for Consolidation:

For the purpose of preparing these statements, the financials of 'The Company' and its subsidiaries, Su-Raj Diamonds NV, Su-Raj Diamonds & Jewelry USA, Inc., Su-Raj Diamonds & Jewellery DMCC, Su-Raj Diamond (HK) Limited for the year ended 31<sup>st</sup> March, 2012 are considered.

### 4. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known /materialized.

### 5. Fixed Assets:

- All fixed assets are valued at cost of acquisition, construction or manufacturing as the case may be, less depreciation.
- Exchange differences relating to the acquisition of fixed assets are taken to the Profit and Loss Account.

### 6. Depreciation: Indian Company

- Depreciation is provided as per the "Written Down Value" method at rates provided by Schedule XIV to the Companies Act, 1956. Leasehold Land is amortised over the period of lease.
- Depreciation on additions and on sale/disposal of fixed assets is computed pro- rata on day to day basis from the date of purchase or up to the date of sale.
- Depreciation on new unit is taken from the date of commissioning of the unit.
- Depreciation is also considered on those assets (idle assets) which were not used for whole or part of the year. However for shut down units, no depreciation is charged.

### Foreign Company

Depreciation has been provided on the basis of the method and rates prevailing as per the local laws.

### 7. Work in Progress:

- The cost of fixed assets, acquisition/construction, installations of which are not completed are included under Capital Work-in-Progress and the same are apportioned/transferred to respective fixed assets on installation/completion of the asset/project.
- Expenses incurred during the year to set up of business premises/factory premises forming part of capital work-in-progress are capitalised under the head Office/Factory Premises.
- Similarly, goods which are under production and cannot be termed as finished goods are treated as work-in-progress.

### 8. Investments :

- Current investments are carried at lower of cost and quoted/fair value.
- Long term Investments are stated at Cost of acquisition. Provision for diminution in the value of long term investments is made if such diminution is considered other than temporary in nature.

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- c) Application monies for investment in shares are classified as an advance till the allotment of shares is completed.

## 9. Inventories :

The Company has complied with AS-2 Valuation of Inventories issued by the Institute of Chartered Accountants of India, to the extent practicable keeping in mind the peculiar nature of the industry.

- a) Raw Materials are valued "At Cost" or "Net Realisable Value", whichever is lower. Costs means cost of Raw materials as determined on average, weighted average or FIFO basis as applicable, with proportionate value of freight and clearing charges.
- b) Stock on hand as on the last date which is under processing and not yet converted to finished goods is considered to be a part of stock of raw materials and hence is valued as raw materials as in (a) above.
- c) Finished Goods of Polished Diamonds are valued "At Cost" or "Net Realisable Value", whichever is lower. Cost includes cost of raw materials on weighted average cost basis, labour cost and proportionately allocated other costs related to converting them into finished goods which are technically evaluated keeping in view the wide variety and grades of diamonds.
- d) Finished Goods of Jewellery are valued "At Cost" or "Net Realisable Value", whichever is lower. Cost includes cost of raw materials, labour cost and proportionately allocated other costs related to converting them into finished goods.
- e) Goods procured for trading (Gold, Studded and Plain Jewellery and Diamonds) are valued "At Cost" or "Net Realisable" Value, whichever is lower.
- f) Stores and Spares are valued "At Cost".
- g) Closing stock of Goods at Bullion Division are valued "At Cost" or "Net Realisable Value", whichever is lower.

## 10. Foreign Exchange Transactions:

- a) Transactions in foreign currency are accounted at the exchange rate / average rate prevailing on the date of transaction. Exchange fluctuations between the transaction date and the settlement date, in respect of revenue transactions are recognized in Profit and Loss Account.
- b) Monetary Assets and Liabilities denominated in Foreign Currencies are translated at year end exchange rates and the Profit/Loss so determined are recognized in the Profit and Loss Account for the year.
- c) All foreign exchange derivative transactions are fair value, wherever applicable, as at the year-end in consonance with (i) Accounting standards notified under Section 211 of the Companies Act, 1956 (ii) applicable Guidelines issued by RBI and the Institute of Chartered Accountants of India in this regard (iii) Principles of Prudence which requires recognition of expected losses and non-recognition of unrealized gains, wherever applicable, and (iv) Risk Management Policy of the Company as approved by the Board with a clause which Allows using Cost Reduction Structures and relevant disclosures as prescribed by ICAI Press Release dated 02.12.2005 are made in the Notes.
- d) The Company has adopted AS-11 of the Institute of Chartered Accountants of India, in relation to its foreign exchange transactions including derivatives and options.
- e) As per the Provisions of the AS -11 of the Institute of Chartered Accountants of India,

- i) The profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognised as income/expenses in the Statement of Profit and Loss for the year

- ii) Option contracts open at the year end are recognized at year end rate and the Mark to Market difference, wherever applicable, is taken to the Statement of Profit and Loss.

- iii) Premium or discount at the inception of forward exchange contract is amortized as expenses or income over the life of contract.

## 11. Employees Retirement Benefits: Indian Company

### a) Defined Contribution Plans:

The Company has Defined Contribution Plan for post employment benefit in the form of provident fund for eligible employees, which is administered by Regional Provident Fund Commissioner. Provident fund is classified as Defined Contribution Plan as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as and when incurred.

### b) Defined Benefit Plans:

The Company has Defined Benefit Plan for post employment benefit in the form of Gratuity for eligible employees which are administered through a Group Gratuity Policy with Life Insurance Corporation of India (LIC). The liability for the above Defined Benefit Plan is provided on the basis of an actuarial valuation as carried out by LIC. The actuarial method used for measuring the liability is the Projected Unit Credit Method.

- c) Termination Benefits are recognized as an expense as and when incurred.
- d) The Company has made provision for leave encashment dues as on the last date of the year.

### Foreign Company

Employees' retirement benefits are provided by the foreign company in accordance with the applicable local laws.

## 13. Taxation: Indian Company

- a) Provisions for taxation is made after considering various tax concessions / exemptions admissible under the provisions of the Income Tax Act.
- b) Disputed amounts of tax are considered in contingent liabilities.
- c) The Company has implemented 'Accounting Standard 22'-"Accounting of Taxes on Income", issued by the Institute of Chartered Accountants of India, which is mandatory in nature. The Company has recognized Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.

### Foreign Company

Provision for taxation and other tax expenses is recognized by the foreign companies in accordance with the applicable local laws.

## 14. Borrowing Cost:

Borrowing Costs that are attributable to the acquisition/ construction of fixed assets are capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

**15. Impairment of Fixed Assets :**

Considering AS-28 - Impairment of Assets as specified by the Institute of Chartered Accountants of India, the Company at the end of each year determines whether there are any Assets that require a provision for impairment loss. Impairment loss is charged to the Profit And Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss booked in prior accounting periods is reversed if there is an upward change in the estimate of recoverable account.

**16. Provisions, contingent Assets and contingent liabilities:**

Provisions involving substantial degree of estimation in quantum are recognized when, there is and present, as a result of past events likely obligation with a high probability of an outflow of resources. Contingent Assets are not recognized nor disclosed in the financial statements. Contingent liabilities, if material, are disclosed in the notes to the accounts.

**Note 2. SHARE CAPITAL**

**(A) Authorised, Issued, Subscribed and Paid-up Share Capital and Par Value Per Share (₹ In Lacs)**

|  | No. of Shares      | Current Year  | No. of Shares | Previous Year |
|--|--------------------|---------------|---------------|---------------|
| <b>AUTHORISED SHARE CAPITAL</b>                          |                    |               |               |               |
| Equity Shares of Rs.10/- each                            | <b>150,000,000</b> | <b>15,000</b> | 75,000,000    | 7,500         |
| <b>ISSUED SHARE CAPITAL</b>                              |                    |               |               |               |
| Equity Shares of Rs.10/- each                            | <b>103,607,894</b> | <b>10,361</b> | 66,844,258    | 6,685         |
| <b>SUBSCRIBED &amp; PAID-UP SHARE CAPITAL</b>            |                    |               |               |               |
| Equity Shares of Rs.10/- each                            | <b>103,607,894</b> | <b>10,361</b> | 66,844,258    | 6,685         |
| Less : Calls unpaid by Shareholders other than directors |                    | <b>14</b>     |               | 14            |
| <b>Total</b>   |                    | <b>10,347</b> |               | <b>6,671</b>  |

**NOTES :**

- 1) Of the above Paid-up Capital, ₹ 3,636 Lacs (₹ 500 lacs) represent 36,363,636 Equity Shares (5,000,000) of ₹ 10/- each fully paid up, issued to FIIs on Preferential basis.
- 2) Of the above Paid-up Capital, ₹ 40 Lacs (₹ Nil) represent 400,000 Equity Shares (Nil) of ₹ 10/- each fully paid-up, issued upon conversion of 400,000 Optionally Fully Convertible Share Warrants (OFCWs) into Equity Shares of ₹ 10/- each fully paid up at a premium of ₹ 60/- per share to the Promoter Group Company, viz. Kohinoor Diamonds Private Limited out of 3,400,000 Share warrants issued in October 2010.

**(B) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year**

|  | Current Year<br>No. of Shares | Previous Year<br>No. of Shares |
|--|-------------------------------|--------------------------------|
| No. of Shares outstanding as at the beginning of the year                      | <b>66,844,258</b>             | 61,844,258                     |
| Add :  |                               |                                |
| - Shares allotted during the year as fully paid-up upon Conversion of Warrants | <b>400,000</b>                | -                              |
| - Shares allotted during the year as fully paid-up for cash                    | <b>36,363,636</b>             | 5,000,000                      |
| No. of Shares outstanding as at the end of the year                            | <b>103,607,894</b>            | 66,844,258                     |

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pay dividends in Indian Rupees. The dividend proposed, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Payment of Dividend is also made in foreign currencies to shareholders outside India.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the no. of equity shares held by the shareholders.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### (C) Shares in the Company held by each shareholder holding more than 5% shares

| Shareholders   | No. of Shares     | Current Year<br>% of Holding | No. of Shares     | Previous Year<br>% of Holding |
|--|-------------------|------------------------------|-------------------|-------------------------------|
| 1) Passage To India Master Fund Limited              | 10,181,818        | 9.83%                        |                   |                               |
| 2) Sparrow Asia Diversified Opportunities Fund       | 10,018,182        | 9.67%                        |                   |                               |
| 3) Davos International Fund                          | 8,545,454         | 8.25%                        |                   |                               |
| 4) Leman Diversified Fund                            | 7,898,182         | 7.62%                        |                   |                               |
| 5) Prime India Investment Fund Limited               | 5,700,000         | 5.50%                        | 5,700,000         | 8.53%                         |
| 6) Alexandra Mauritius Limited                       |                   | < 5%                         | 5,700,000         | 8.53%                         |
| 7) Lotus Global Investment Limited                   |                   | < 5%                         | 3,746,160         | 5.60%                         |
| 8) SJR Commodities and Consultancies Private Limited | 6,283,350         | 6.06%                        |                   |                               |
| 9) Su-Raj Diamond Industries Limited                 |                   | -                            | 6,930,016         | 10.37%                        |
| 10) Diadem Investment and Finance Private Limited    |                   | < 5%                         | 3,866,994         | 5.79%                         |
| 11) Bombay Diamonds Company Private Limited          |                   | < 5%                         | 3,422,232         | 5.12%                         |
|  | <b>48,626,986</b> | <b>46.93%</b>                | <b>29,365,402</b> | <b>43.94%</b>                 |

### (D) Details of securities convertible into equity / preference shares

|   | No. of Warrants | Current Year | No. of Warrants | Previous Year |
|---|-----------------|--------------|-----------------|---------------|
| WARRANTS CONVERTIBLE INTO EQUITY SHARES | 3,000,000       | 525.00       | 3,400,000       | 595.00        |

#### TERMS OF ISSUE

- The warrants were issued on 14<sup>th</sup> October, 2010.
- An amount of ₹ 17.50 per warrant i.e. 25% of the price fixed for preferential allotment of shares of ₹ 70/- has been received by the Company at the time of issue and allotment of warrants.
- The Warrant holders have right to apply for and be allotted one equity share of ₹ 10/- each fully paid up against each warrant held upon payment of balance 75% i.e. ₹ 52.50 per warrant.
- The Warrant holders are entitled to exercise the option to apply for shares within 18 months from the date of allotment of the warrants i.e. on or before 13<sup>th</sup> April, 2012
- The equity shares allotted pursuant to exercise of option attached to warrants will be locked-in for a period of 3 years from the date of allotment of shares.
- The equity shares when allotted will rank pari-passu in all respects with existing equity shares of the company including dividend.
- If the warrant holders do not exercise option to apply for equity shares by paying up the balance 75%, the amount paid at the time of issue and allotment of warrants shall stand forfeited.

#### NOTES

- The Company had raised ₹ 595 lacs in October 2010 consequent upon issue of 3,400,000 warrants to one of the promoter group companies. viz. Kohinoor Diamonds Pvt. Ltd.
- Kohinoor Diamonds Pvt. Ltd. exercised option in respect of 400,000 warrants by paying up ₹ 210 lacs and were allotted 400,000 equity shares of ₹ 10/- each fully paid up on 1<sup>st</sup> February, 2012.
- As at 31<sup>st</sup> March, 2012 Kohinoor Diamonds Pvt. Ltd. were holding balance of 3,000,000 warrants (and in respect of which it exercised option by paying up ₹ 1,575 lacs in April 2012 and were allotted 3,000,000 equity shares of ₹ 10/- each fully paid up).

### Note 3. RESERVES AND SURPLUS

|   |               | Current Year  | Previous Year |
|---|---------------|---------------|---------------|
| 1) <b>CAPITAL RESERVE</b>   |               |               |               |
| As per last Balance Sheet   |               | 644           | 644           |
| 2) <b>SECURITIES PREMIUM ACCOUNT</b>  |               |               |               |
| As per last Balance Sheet   | 28,842        |               | 28,842        |
| Add :   |               |               |               |
| - Premium received in respect of Equity Shares issued on preferential basis during the year | 16,364        |               | -             |
| - Premium received in respect of Equity Shares issued upon conversion of Warrants           | 240           |               | -             |
|   | <b>45,446</b> |               | <b>28,842</b> |
| Less : Allotment / Call Money in Arrears  |               |               |               |
| - As per Last Balance Sheet   | 58            |               | 58            |
| - Less : Received during the year   | -             |               | -             |
|   | <b>58</b>     |               | <b>58</b>     |
|   |               | <b>45,388</b> | <b>28,784</b> |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### Note 3. RESERVES AND SURPLUS (Contd.)

|                |   | (₹ In Lacs)  |               |
|----------------|---|--------------|---------------|
|                |   | Current Year | Previous Year |
| 3)             | <b>GENERAL RESERVE</b>  |              |               |
|                | As per last Balance Sheet   | 28,495       | 27,465        |
|                | Add : Amount transferred from Statement of Profit & Loss  | 397          | 1,030         |
|                |   | 28,892       | 28,495        |
| 4)             | <b>GENERAL RESERVE - FOREIGN EXCHANGE / METAL PRICE FLUCTUATION</b>   |              |               |
|                | As per last Balance Sheet   | 5,350        | 4,350         |
|                | Add : Amount transferred from Statement of Profit & Loss  | 150          | 1,000         |
|                |   | 5,500        | 5,350         |
| 5)             | <b>FOREIGN CURRENCY TRANSLATION RESERVE</b>   |              |               |
|                | As per last Balance Sheet   | 717          | 718           |
|                | Add : Exchange Difference   | 1,045        | (1)           |
|                |   | 1,762        | 717           |
| 6)             | <b>SURPLUS IN STATEMENT OF PROFIT &amp; LOSS</b>  |              |               |
|                | - As per last Balance Sheet   | 30,963       | 20,913        |
|                | - Add : Net Profit after Tax transferred from Statement of Profit & Loss  | 11,756       | 13,054        |
|                |   | 42,719       | 33,967        |
|                | - Less : Appropriations   |              |               |
|                | Transfers to  |              |               |
|                | - General Reserves  | 397          | 1,030         |
|                | - General Reserves - Foreign Exchange / Metal Price Fluctuation   | 150          | 1,000         |
|                | Proposed Dividend   | -            | 835           |
|                | Tax on Dividend   | -            | 139           |
|                |   | 547          | 3,004         |
|                | - Balance as at the close of the year   | 42,172       | 30,963        |
|                |   | 124,358      | 94,953        |
| <b>Note 4.</b> | <b>Monies received against share warrants</b>   |              |               |
|                | Monies received against share warrants  | 525          | 595           |
|                | The Company had allotted 3,400,000 Convertible Warrants on 14 <sup>th</sup> October, 2010 to Kohinoor Diamonds Private Limited (KDPL), a Promoter group Company at a price of ₹ 70 per instrument (including premium of ₹ 60 per share) with an option for conversion at any time within a period of 18 months from the date of allotment (i.e. on or before 13 <sup>th</sup> April, 2012).   |              |               |
|                | An amount equivalent to 25% of the price had been paid on each warrant at the time of allotment of such warrants and the balance 75% was payable on allotment of Equity Shares pursuant to exercise of option to convert equivalent no. of Convertible Warrants. During the year under review, the Company has received from KDPL, the Warrant Holder a sum of ₹ 210 Lacs equivalent to 75% towards the share application money for conversion of 400,000 Convertible Warrants into Equity Shares of ₹ 10/- each out of the total 3,400,000 pending Convertible Warrants. |              |               |
|                | <b>TOTAL</b>  | 525          | 595           |



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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

|  | (₹ In Lacs)  |               |
|--|--------------|---------------|
|  | Current Year | Previous Year |
| <b>Note 5. LONG-TERM BORROWINGS</b>  |              |               |
| <b>(A) TERM LOANS</b>  |              |               |
| {Excluding Amounts due in next 12 months (Current Maturities of Long Term Debts) which is shown under Other Current Liabilities }  |              |               |
| <b>(I) From Banks</b>  |              |               |
| 1) <b>Axis bank</b>  | 79           | 238           |
| Secured by Hypothecation of Wind Mill and is further secured by collateral security of Mortgage of Leasehold rights in respect of Property where Wind Mill is erected.   |              |               |
| The term loan is repayable in 6 monthly installments and ending in September 2013. Rate of Interest is 12.50% p.a. Tenure of the loan is 4 year. is repayable in 48 monthly instalments commencing from October 2009 and ending in September 2013. |              |               |
| 2) <b>ICICI Bank Ltd.</b>  | 17           | -             |
| Secured by Hypothecation of Vehicles acquired (AX-2115)  |              |               |
| The term loan is repayable in 35 Equated monthly installments and ending in February 2016.   |              |               |
| Rate of Interest is 10.32% p.a. Tenure of the loan is 5 year.  |              |               |
| 3) <b>Mortgage Payable</b>   | 405          | -             |
| Secured by Collateralized by the Condominium owned by the Company and substantially all of the assets of the Company and is guaranteed by the Shareholder.   |              |               |
| Rate if Interest - LIBOR + 3%  |              |               |
| The term loan is repayable in five years in equated monthly principal plus interest.   |              |               |
| <b>(II) From Others</b>  |              |               |
| 1) <b>Kotak Mahindra Prime Ltd.</b>  | -            | 4             |
| Secured by Hypothecation of vehicles acquired (AR-4971)  |              |               |
| The term loan is repayable in 1 Equated Monthly Installments ending in April 2013. Rate of Interest is 9.497% p.a. Tenure of the loan is 3 year.   |              |               |
| 2) <b>Kotak Mahindra Prime Ltd.</b>  | 1            | 4             |
| Secured by Hypothecation of vehicles acquired (AR-6861)  |              |               |
| The term loan is repayable in 3 Equated Monthly Installments ending in June 2013. Rate of Interest is 8.979% p.a.  |              |               |
| <b>Total</b>   | <b>502</b>   | <b>246</b>    |
| NOTE :   |              |               |
| There is no default, continuing or otherwise, as at the Balance Sheet date, in repayment of any of the above loans   |              |               |
| <b>Note 6. DEFERRED TAX LIABILITIES (NET)</b>  |              |               |
| Deferred Tax Liabilities   |              |               |
| - On account of Depreciation difference  | 574          | 522           |
| Deferred Tax Liabilities (Net)   | <b>574</b>   | <b>522</b>    |
| NOTES :  |              |               |
| The Company has implemented 'Accounting Standard 22' - "Accounting of Taxes on Income", issued by The Institute of Chartered Accountants of India, which is mandatory in nature.   |              |               |
| The Company has recognised Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.                             |              |               |
| As a result, the Deferred Tax Liability for the year aggregating to ₹ 53 lacs (Assets of ₹ 44 lacs) has been recognised in the Statement of Profit and Loss for the year.  |              |               |



# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

|   | (₹ In Lacs)   |               |
|---|---------------|---------------|
|   | Current Year  | Previous Year |
| <b>Note 7. SHORT-TERM BORROWINGS</b>  |               |               |
| <b>FROM BANKS - SECURED - REPAYABLE ON DEMAND</b>   |               |               |
| <b>EXPORT PACKING CREDIT &amp; POST SHIPMENT CREDIT</b>   |               |               |
| - Outstanding against Regular and Ad-hoc Fund Based limits  | 34,191        | 37,123        |
| - Outstanding in respect of Fund Based credits availed of consequent upon inter-changeability from Non Fund Based limits  | 16,845        | 16,162        |
|   | <b>51,036</b> | <b>53,285</b> |
| <p>The Company has been sanctioned Regular Fund Based Working Capital Credit Limits (Export Packing Credit and Post Shipment Credit) of ₹ 37,500 Lacs (Previous year ₹ 33,000 lacs) and Non Fund Based Working Capital Credit Limits (Stand-By Letters of Credit and Bank Guarantees) of ₹ 347,000 Lacs (Previous Year ₹ 252,000 Lacs).</p> <p>The Company has also been granted, in principle, approval for additional, need based, Ad-hoc limits to the extent of 20% of the regular FB and NFB limits.</p> <p>The Company has also been granted partial Inter-changeability between FB and NFB limits. The Non Fund Based Limits - Stand-By Letters of Credit (SBLCs) are normally availed of for facilitating procurement of the Raw Materials and the amounts payable to the suppliers under SBLCs are shown as 'TRADE PAYABLE - Secured Sundry Creditors for Purchases'.</p> <p>The above Fund Based and Non Fund Based Working Capital Credit facilities from the Consortium of Banks are secured by</p> <p>(A) Hypothecation of</p> <ol style="list-style-type: none"> <li>(1) Inventory and Book Debts (both present and future) of the Company</li> <li>(2) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of the Company at factory units of Bangalore, Cochin, Goa, Jodhpur, Kolkata (Manikanchan SEZ) and Surat of the Company</li> <li>(3) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of the Company installed at Valsad unit of the company in the property owned by Bombay Diamonds Co. Pvt. Ltd.</li> <li>(4) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of Forever Diamonds Pvt. Ltd. at its Jodhpur unit.</li> </ol> <p>(B) Equitable Mortgage by way of deposit of title deeds of Immovable Properties comprising Land (or leasehold rights in respect thereof) and other structures thereon at</p> <ol style="list-style-type: none"> <li>(1) Bangalore, Goa, Jodhpur, Kolkata and Surat factory units of the Company</li> <li>(2) Office Premises at Gamdevi in Mumbai of the Company</li> <li>(3) Valsad unit of Bombay Diamonds Co. Pvt. Ltd.</li> <li>(4) Jodhpur factory unit of Forever Diamonds Pvt. Ltd.</li> <li>(5) Surat factory unit of Kohinoor Diamonds Pvt. Ltd.</li> </ol> <p>(C) Term Deposits held under lien as Cash Margin for Non Fund Based limits</p> <p>(D) Term Deposits held under lien as cash collateral</p> <p>(E) Corporate Guarantees of</p> <ol style="list-style-type: none"> <li>(1) Bombay Diamonds Co. Pvt. Ltd.</li> <li>(2) Forever Diamonds Pvt. Ltd.</li> <li>(3) Kohinoor Diamonds Pvt. Ltd.</li> </ol> <p>(F) Personal Guarantee of a Director</p> |               |               |
| <b>Buyer's Credit Facilities from Bank</b>  |               |               |
| (Secured by Letters of Undertaking issued by Bank in India)   | 16,556        | 55,275        |
| Less : 100% covered by Term Deposits with Banks as per contra - Refer note 19   | 16,317        | 55,275        |
| (Term Deposits pledged with the banks ₹ 16,317 lacs as at 31 <sup>st</sup> March, 2012 and ₹ 58,529 lacs as at 31 <sup>st</sup> March, 2011 for securing letter of undertaking in respect of Buyers' credit facilities)   |               |               |
| <b>Working Capital Loans repayable on demand</b>  | 4,625         | 4,774         |
| (secured against hypothecation of stocks and book debts and collateralized by substantially all the assets of the Company and is guaranteed by the Shareholders)  |               |               |
| <b>Gold Loans from Bank</b>   | 4,006         | 2,875         |
| Secured by a margin deposit with Bank and corporate guarantee of the Parent Company   |               |               |
| <b>From others - Unsecured - Repayable on demand</b>  | 610           | -             |
|   | <b>60,516</b> | <b>60,934</b> |

# ANNUAL REPORT 2011-2012

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ In Lacs)

|  | Current Year   | Previous Year |
|--|----------------|---------------|
| <b>Note 8. TRADE PAYABLES</b>  |                |               |
| <b>Secured</b>   |                |               |
| Trade Payables   |                |               |
| Secured by stand-by Letters of Credit arranged through consortium of Banks   | <b>275,055</b> | 178,189       |
| <b>Unsecured</b>   |                |               |
| Other Trade Payables   | <b>18,882</b>  | 35,803        |
|  | <b>293,937</b> | 213,992       |
| <b>Note 9. OTHER CURRENT LIABILITIES</b>   |                |               |
| Current maturities of long term debt   | <b>221</b>     | 165           |
| Interest accrued and due on borrowings   | <b>91</b>      | 35            |
| Creditors for Capital Expenditure  | <b>3</b>       | -             |
| Unpaid/Unclaimed dividends   | <b>109</b>     | 102           |
| Sales Tax / VAT payable  | <b>152</b>     | 201           |
| Statutory dues   | <b>19</b>      | 20            |
| Other payables   | <b>25</b>      | 100           |
| <b>Total</b>   | <b>620</b>     | 623           |
| <b>NOTES :</b>   |                |               |
| 1) During FY 2010-2011, the Company had appropriated ₹ 3 lacs, being dividend payable for FY 2009-2010 in respect of shares which were not fully paid up against amounts due from shareholders as call / allotment monies. The Company, however, has not adjusted any amount during FY 2011-2012 out of dividend payable for FY 2010-2011 against outstanding call / allotment moneis. |                |               |
| 2) There are no amounts of unclaimed dividend due and outstanding to be credited to Investor Education and Protection Fund. During the year, the Company transferred unclaimed dividend in respect of FY 2003-2004 amounting to ₹ 13 lacs (During the previous year - ₹ 15 lacs for FY 2002-2003) to Investor Education and Protection Fund.   |                |               |
| <b>Note 10. SHORT-TERM PROVISIONS</b>  |                |               |
| Provision for proposed dividends   | -              | 836           |
| Provision for tax on proposed dividends  | -              | 139           |
| Provision for Employee's Benefit   | <b>11</b>      | 13            |
| Provisions for income-tax (Net of Advance Tax)   | <b>119</b>     | 136           |
| <b>Total</b>   | <b>130</b>     | 1,124         |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### Note - 11 : FIXED ASSETS - TANGIBLE

(₹ in Lacs)

|    | Description of Assets     | Gross Block      |                          |                            |                      | Depreciation    |                  |                      |                            | Net Block                |                |                 |                 |
|----|---------------------------|------------------|--------------------------|----------------------------|----------------------|-----------------|------------------|----------------------|----------------------------|--------------------------|----------------|-----------------|-----------------|
|    |                           | As At 01/04/2011 | Addition During the year | Adjustment During the year | Sale During the year | As At 3/31/2012 | As At 01/04/2011 | Sale During the year | Adjustment During the year | Provided During the year | Upto 3/31/2012 | As At 3/31/2012 | As At 3/31/2011 |
| 1  | Leasehold Land            | 72               | -                        | -                          | -                    | 72              | 4                | -                    | -                          | -                        | 4              | 68              | 68              |
| 2  | Land                      | -                | 161                      | -                          | -                    | 161             | -                | -                    | -                          | -                        | -              | 161             | -               |
| 3  | Factory / Office Premises | 3,606            | 774                      | -                          | -                    | 4,380           | 1,277            | -                    | -                          | 169                      | 1,446          | 2,934           | 2,329           |
| 4  | Plant & Machinery         | 4,235            | 1,613                    | -                          | 46                   | 5,802           | 2,503            | 31                   | -                          | 363                      | 2,835          | 2,967           | 1,732           |
| 5  | Furniture & Fixtures      | 486              | 24                       | -                          | -                    | 510             | 298              | -                    | -                          | 36                       | 334            | 176             | 188             |
| 6  | Electrical Installations  | 520              | 57                       | -                          | -                    | 577             | 297              | -                    | -                          | 34                       | 331            | 246             | 223             |
| 7  | Equipments                | 805              | 90                       | -                          | 31                   | 864             | 520              | 24                   | -                          | 62                       | 558            | 306             | 285             |
| 8  | Vehicles                  | 90               | 48                       | -                          | 23                   | 115             | 43               | 19                   | -                          | 22                       | 46             | 69              | 47              |
| 9  | Moulds and Dyes           | 199              | 32                       | -                          | -                    | 231             | 94               | -                    | -                          | 32                       | 126            | 105             | 105             |
| 10 | Wind Mill                 | 926              | -                        | -                          | -                    | 926             | 313              | -                    | -                          | 94                       | 407            | 519             | 613             |
|    | Difference in F.E.C       | 7                | -                        | 32                         | -                    | 39              | 7                | -                    | 12                         | -                        | 19             | 19              | -               |
|    | Current Year's Total      | 10,946           | 2,799                    | 32                         | 100                  | 13,677          | 5,356            | 74                   | 12                         | 812                      | 6,106          | 7,571           | 5,590           |
|    | Previous Year's Total     | 10,631           | 492                      | 13                         | 190                  | 10,946          | 4,656            | 28                   | 3                          | 725                      | 5,356          | 5,590           | 5,977           |

### Note - 12 : FIXED ASSETS - INTANGIBLE

|                       |    |    |   |   |    |   |   |   |    |    |    |    |
|-----------------------|----|----|---|---|----|---|---|---|----|----|----|----|
| Computer Software     | 33 | 21 | - | - | 54 | 2 | - | - | 18 | 20 | 34 | 31 |
| Previous Year's Total | -  | 33 | - | - | 33 | - | - | - | 2  | 2  | 31 | -  |

### Note - 13 : FIXED ASSETS - CAPITAL WORK IN PROGRESS

|                         | As At 31/03/12 | As At 31/03/11 |
|-------------------------|----------------|----------------|
| Factory Premises        | 19             | 30             |
| Plant & Machineries     | -              | 74             |
| Furniture & Fixtures    | -              | 5              |
| Electrical Installation | 9              | 10             |
| Equipments              | -              | 2              |
| Air Conditioners        | 41             | -              |
| <b>TOTAL</b>            | <b>69</b>      | <b>121</b>     |

Note :

- The above schedule of assets do not reflect assets sold out of CWIP which have not been capitalised and not forming a part of the above Block of assets.
- Impairment of Fixed Assets :
  - Please refer note no. 12 in Accounting Policy.
  - The Company has taken into consideration the Provisions of Accounting Standard 28 – Impairment of Assets. The Company does not have any assets, which would require impairment and provisions.
- Fixed assets of Engineering division at Jodhpur amounting to ₹ 100 lacs are of discontinuing operation.
- Of the above, following assets are given on lease to various Companies as on 31<sup>st</sup> March 2012.

|                            |            |
|----------------------------|------------|
| 1. Land                    | 14         |
| 2. Air Conditioner         | 1          |
| 3. Computers               | 2          |
| 4. Electrical Installation | 25         |
| 5. Equipments              | 20         |
| 6. Factory Premises        | 129        |
| 7. Furniture & Fixture     | 6          |
| 8. Plant & Machinery       | 63         |
| <b>TOTAL</b>               | <b>260</b> |

# ANNUAL REPORT 2011-2012

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ In Lacs)

|   | Current Year  | Previous Year |
|---|---------------|---------------|
| <b>Note 14. NON-CURRENT INVESTMENTS</b>   |               |               |
| <b>(A) Other Investments</b>  |               |               |
| <b>(i) In Equity of Associate Companies -</b>   |               |               |
| <b>Unquoted, fully paid up (at Cost)</b>  |               |               |
| 2,000,000 (Previous Year : 2,000,000) Equity Shares of ₹ 10 each of Su-Raj Diamond Dealers Limited, fully paid-up                                   | 136           | 193           |
| 26,350,000 (Previous Year : 16,350,000) Equity Shares of ₹ 10 each of Forever Precious Jewellery & Diamonds Ltd., fully paid-up                     | 13,098        | 11,458        |
| <b>(ii) In Equity</b>   |               |               |
| <b>Unquoted, fully paid up (at Cost)</b>  |               |               |
| 17,500 (Previous year : 17,500) Equity Shares of ₹ 100 each of Peacock Jewellery Ltd., fully paid-up  | 50            | 50            |
| 576,250 (Previous year : 576,250) Equity Shares of ₹ 10 each of Carbon Accessories Ltd., fully paid-up  | 14            | 14            |
| - (Previous Year 10) Equity Shares of PLC Su-Raj Euro Jewel   | -             | 4             |
| 1 (Previous Year : 1) Equity Share of Antwerpse Diamontkring  | 1             | 1             |
| <b>(iii) Investments in Government or Trust Securities</b>  |               |               |
| 2 (Previous Year : 2) Indira Vikas Patra of ₹ 500 each National Savings Certificates  | -             | -             |
|   | -             | -             |
| <b>Total Non Current Investments</b>  | <b>13,299</b> | <b>11,720</b> |
| <b>Note :</b>   |               |               |
| Aggregate amount Quoted Investments   | -             | -             |
| Market Value of Quoted Investments  | -             | -             |
| Aggregate amount Unquoted Investments   | 9,167         | 15,494        |
| <b>Note 15. LONG-TERM LOANS AND ADVANCES</b>  |               |               |
| <b>Unsecured, Considered good</b>   |               |               |
| Capital Advances  | 93            | 2             |
| Security Deposits   | 132           | 177           |
| Other Loans and Advances  | 861           | 847           |
| Advance Income Tax /TDS (Net of Provision for Taxation)   | 32            | 165           |
| Fixed Deposit with Bank (Maturity after 12 months)  | 84            | 77            |
| Loans and Advances to Related Parties (Refer Note No. 31)   | 9             | 10            |
| <b>TOTAL</b>  | <b>1,211</b>  | <b>1,278</b>  |
| <b>Note 16. CURRENT INVESTMENTS</b>   |               |               |
| <b>Non-Trade Investments</b>  |               |               |
| <b>(i) Investments in Mutual Funds</b>  |               |               |
| - (Previous year : 8,339.40) Units of ₹ 10/- each of Principle Mutual Fund of Punjab National Bank<br>Market value : ₹ Nil; Previous Year : 83,410) | -             | 1             |
|   | -             | 1             |
| <b>Note :</b>   |               |               |
| Aggregate amount Quoted Investments   | -             | -             |
| Market Value of Quoted Investments  | -             | -             |
| Aggregate amount Unquoted Investments   | -             | 1             |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ In Lacs)

|   | Current Year   | Previous Year  |
|---|----------------|----------------|
| <b>Note 17. INVENTORIES</b>   |                |                |
| As Certified by Management  |                |                |
| (a) Raw Materials   | 33,902         | 34,617         |
| (b) Finished Goods  | 31,022         | 22,732         |
| (c) Stores and spares   | 84             | 84             |
| <b>Total</b>  | <b>65,008</b>  | <b>57,433</b>  |
| <b>Note 18. TRADE RECEIVABLES</b>   |                |                |
| <b>Trade receivables</b>  |                |                |
| <b>Outstanding for more than six months from the date they became due for payment</b>   |                |                |
| Unsecured, considered good  | -              | -              |
| <b>Others</b>   |                |                |
| Unsecured, considered good  | 370,793        | 261,497        |
|   | <b>370,793</b> | <b>261,497</b> |
| <b>Note 19. CASH AND CASH EQUIVALENTS</b>   |                |                |
| <b>(A) Cash and Cash Equivalents</b>  |                |                |
| (i) Balances with Banks   |                |                |
| (a) In Current Account  | 8,194          | 5,855          |
| (b) In EEFC account   | 30             | 21             |
| (ii) Cheques on hand  | 10             | -              |
| (iii) Fixed Deposit A/c   | 266            | -              |
| (iv) Cash on hand   | 48             | 14             |
|   | <b>8,548</b>   | <b>5,890</b>   |
| <b>(B) Other Bank Balance</b>   |                |                |
| (I) Earmarked Bank balances   |                |                |
| Unpaid dividend bank account  | 117            | 110            |
| (II) Bank Fixed Deposits held as margin money or as security against:   |                |                |
| (i) Borrowings  | 18,036         | 69,702         |
| Less: Buyers Credit facilities fully secured by deposits pledged with the Banks as per contra Refer Note 7  | 16,317         | 55,275         |
|   | <b>1,719</b>   | <b>14,427</b>  |
| (ii) Guarantees   | 161            | 157            |
| (iii) Letters of Credit   | 19,708         | 18,357         |
| <b>TOTAL</b>  | <b>21,705</b>  | <b>33,051</b>  |
| <b>TOTAL</b>  | <b>30,253</b>  | <b>38,941</b>  |
| Notes: 1) Balances with Banks in Deposits includes deposits amounting to ₹ 187 lacs (As at 31/03/2011 ₹ 885 Lacs) which have an original maturity of more than 12 months. |                |                |
| <b>Note 20. SHORT-TERM LOANS AND ADVANCES</b>   |                |                |
| <b>Loans and advances</b>   |                |                |
| Unsecured, considered good  | 1,983          | -              |
| Security Deposit  | 35             | -              |
| I.T./F.B.T. Refund Receivables  | 271            | 99             |
| VAT Refund Receivables  | 20             | 21             |
| Advances for Purchases /Labour  | 645            | 2,263          |
| Others  | 317            | 663            |
| <b>TOTAL</b>  | <b>3,271</b>   | <b>3,046</b>   |
| In the opinion of the Directors:<br>The Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.         |                |                |

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ In Lacs)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| <b>Note 21. REVENUE FROM OPERATION</b>  |              |               |
| Sales   | 618,290      | 488,178       |
| Labour Charges received   | 1,342        | 828           |
| Surplus in Bullion Trading  |              | -             |
| Sales of Bullion  | 111,496      | 91,657        |
| Less: Cost of Bullion Sales   | 111,112      | 91,180        |
|   | 384          | 477           |
| Sale of Scrape  | 33           | 9             |
|   | 620,049      | 489,492       |
| Sales of Manufactured Goods   |              |               |
| Diamonds  | 87,147       | 85,904        |
| Jewellery   | 493,804      | 353,924       |
| Sales of Traded Goods   |              |               |
| Diamonds  | 37,339       | 38,618        |
| Gold  | -            | 9,732         |
|   | 618,290      | 488,178       |
| <b>Note 22. OTHER NON OPERATING INCOME</b>  |              |               |
| Rentals from investment property  | 8            | 10            |
| Interest Received from Others   | 1            | 9             |
| Interest Received from Banks  | 5,024        | 4,740         |
| Profit on Sale of Assets  | 9            | 4             |
| Proceeds from Surrender of Keyman Insurance Policy  | -            | 164           |
| Miscellaneous Income  | 142          | 446           |
| Net gain/loss on foreign currency transactions/<br>translation (other than adjusted as finance costs) | -            | 1,740         |
| Dividends   | 7            | 3             |
| <b>Total</b>  | <b>5,191</b> | <b>7,116</b>  |
| <b>Note 23. COST OF MATERIALS CONSUMED</b>  |              |               |
| Opening Stock   | 34,617       | 29,060        |
| Add: Purchases  | 565,355      | 434,140       |
|   | 599,972      | 463,200       |
| Less: Closing Stock   | 33,902       | 34,617        |
| Cost of Materials Consumed  | 566,070      | 428,583       |
| <u>Material Consumed Comprises of</u>   |              |               |
| Rough/Semi processed Diamonds   | 75,789       | 83,321        |
| Gold  | 490,061      | 345,052       |
| Others  | 220          | 210           |
|   | 566,070      | 428,583       |
| <u>Purchase Of Traded Goods</u>   |              |               |
| Gold  | 1            | 9,967         |
| Diamonds  | 33,492       | 39,666        |
|   | 33,493       | 49,633        |



# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ In Lacs)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| <b>Note 23. COST OF MATERIAL CONSUMED (Contd.)</b>  |              |               |
| <b>CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE</b>  |              |               |
| Inventories at the beginning of the year  |              |               |
| Finished Goods  | 22,732       | 16,794        |
| Inventories at the end of the year  |              |               |
| Finished Goods  | 31,022       | 22,732        |
| Net (increase) / decrease   | (8,290)      | (5,938)       |
| <b>Note :</b> The Company has taken gold on loan from various banks. The said gold has been processed and sales of jewellery made. The value of purchase and sale is taken on the basis of the provisional sale certificate of the bank. The final value of purchase and sale is recorded on the date of repayment of the loan or on final price confirmation of gold loan on the basis of forward contract booked with the difference of sale and purchase amount being recorded to respective accounts. The closing stock of Raw Materials-Gold includes Gold valued at ₹ 18,016 Lacs (₹ 10,047 Lacs) taken on loan from Banks under the EXIM-Gold Loan Scheme. |              |               |
| <b>Note 24. Employee Benefits Expenses</b>  |              |               |
| Salaries & Wages, bonus, gratuity and allowances  | 757          | 546           |
| Contribution to PF, ESIC and Superannuation Fund  | 24           | 31            |
| Remuneration to whole time Directors  | 286          | 187           |
| Staff Welfare Expenses  | 55           | 34            |
| <b>Total</b>  | <b>1,122</b> | <b>798</b>    |

The Accounting Standard – AS 15 (revised 2005) on Employee Benefits issued by the Institute of Chartered Accountants of India has been adopted by the Company. The details as provided by the Insurance Company for the year ended 31<sup>st</sup> March, 2012 are reproduced here below:

**a) Defined Contribution Plan:**

The Company has recognized ₹ 13 Lacs (₹ 18 Lacs) towards contribution made to Employees Provident and family Pension Fund and other similar plans of its subsidiaries.

**b) Defined Benefit Plan:**

**1 Assumption**

| Sr. Particulars       | For the year ended 31 March, 2012 | For the year ended 31 March, 2011 |
|-----------------------|-----------------------------------|-----------------------------------|
| (a) Discount Rate     | 8%                                | 8%                                |
| (b) Salary Escalation | 4%                                | 4%                                |

**2 Change in the Present Value of Obligation**

|  |        |        |
|--|--------|--------|
| (a) Present Value of Obligation as at beginning of year            | 25.25  | 17.68  |
| (b) Interest Cost  | 2.02   | 1.41   |
| (c) Past Service Cost  | Nil    | Nil    |
| (d) Current Service Cost   | 4.82   | 3.42   |
| (e) Curtailment Cost/(Credit)                                      | Nil    | Nil    |
| (f) Settlement Cost/(Credit)                                       | Nil    | Nil    |
| (g) Benefits Paid  | (5.85) | (0.78) |
| (h) Actuarial Gain/(Loss) on obligation                            | 0.07   | 3.53   |
| (i) Present Value of Obligation as at 31 <sup>st</sup> March, 2012 | 26.32  | 25.25  |

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### 3 Change in the Fair Value of Plan Assets

| Sr. Particulars  | For the year ended 31 March, 2012 | For the year ended 31 March, 2011 |
|--|-----------------------------------|-----------------------------------|
| (a) Fair Value of Plan Assets as at 1 <sup>st</sup> April, 2011  | 32.02                             | 22.23                             |
| (b) Expected Return on Plan Assets                               | 2.68                              | 1.94                              |
| (c) Employer's Contributions                                     | 4.75                              | 8.63                              |
| (d) Benefits Paid  | (5.85)                            | (0.78)                            |
| (e) Actuarial Gain/(Loss) on Plan Assets                         | Nil                               | Nil                               |
| (f) Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2012 | 33.60                             | 32.02                             |

### 4 Table showing Fair Value of Plan Assets

|  |        |        |
|--|--------|--------|
| (a) Fair value of Plan Assets at beginning of year   | 32.02  | 22.23  |
| (b) Actual return on Plan Assets   | 2.68   | 1.95   |
| (c) Contributions  | 4.75   | 8.63   |
| (d) Benefits Paid  | (5.85) | (0.78) |
| (e) Fair Value of Plan Assets at the year end  | 33.60  | 32.02  |
| (f) Funded Status  | 7.28   | 6.76   |
| (g) Excess of Actual over Estimated Return on Plan Assets<br>(Actual Rate of Return = Estimated Rate of Return as ARD falls on 31 <sup>st</sup> March) | Nil    | Nil    |

### 5 Actuarial Gain/Loss recognized

|  |        |        |
|--|--------|--------|
| (a) Actuarial (Gain) / Loss for the year-Obligation  | (0.07) | (3.53) |
| (b) Actuarial (Gain) / Loss for the year-Plan Assets | Nil    | Nil    |
| (c) Total (Gain) / Loss for the year – Obligation    | 0.07   | 3.53   |
| (d) Actuarial (Gain) / Loss recognized in the year   | 0.07   | 3.53   |

### 6 The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss

|   |        |        |
|---|--------|--------|
| (a) Present Value of Obligations as at the end of year  | 26.32  | 25.25  |
| (b) Fair value of Plan Assets as at the end of the year | 33.60  | 32.02  |
| (c) Funded Status                                       | 7.28   | 6.76   |
| (d) Net Assets/(Liability) recognized in Balance Sheet  | (7.28) | (6.76) |

### 7 Expenses recognized in Statement of Profit and Loss :

|   |        |        |
|---|--------|--------|
| (a) Current Service cost                              | 4.82   | 3.42   |
| (b) Interest Cost                                     | 2.02   | 1.41   |
| (c) Expected Return on Plan Assets                    | (2.68) | (1.94) |
| (d) Net Actuarial (Gain)/Loss recognized in the year  | 0.07   | 3.53   |
| (e) Expenses recognized in Statement of Profit & Loss | 4.23   | 6.41   |

Note : The estimate of future salary increases considered in actuarial valuation taking into account inflation, seniority, promotion and other relevant factors.

### Note 25. Finance Costs

(₹ In Lacs)

|  | Current Year | Previous Year |
|--|--------------|---------------|
| Interest Expense                         | 3,501        | 3,576         |
| Bank Charges                             | 2,437        | 1,935         |
| Net loss on Foreign Currency Transaction | 2,853        | 1,211         |
| <b>Total</b>                             | <b>8,791</b> | <b>6,722</b>  |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ In Lacs)

|  | Current Year  | Previous Year |
|--|---------------|---------------|
| <b>Note 26. Other Expenses</b>   |               |               |
| <b>Manufacturing Expenses</b>  |               |               |
| Labour Charges /Assortment Charges   | 1,710         | 1,351         |
| Power and Fuel consumed  | 147           | 94            |
| Stores, spares and packing materials consumed  | 200           | 144           |
| Repairs - Plant and Machinery  | 54            | 26            |
| Repairs - Factory Buildings  | 50            | 14            |
| Repairs - Others   | 75            | 42            |
| Packing Material   | 4             | 3             |
| Lease Rent   | 82            | 64            |
|  | <b>2,322</b>  | <b>1,738</b>  |
| Directors' fees  | 8             | 4             |
| Insurance  | 340           | 278           |
| Rates and Taxes other than taxes on income   | 33            | 44            |
| Donation - Others  | 220           | 223           |
| Freight & Forwarding Charges   | 162           | 149           |
| Payments to statutory auditors   |               |               |
| as auditors  | 29            | 27            |
| for tax audit  | 2             | 2             |
| for certification  | 4             | 3             |
| for company law matters  | -             | 1             |
| reimbursement of expenses (out of pocket expenses)   | 3             | 1             |
|  | <b>38</b>     | <b>34</b>     |
| Legal, professional and consultancy charges  | 264           | 208           |
| Advertisement, Publicity and Sale Promotion  | 64            | 101           |
| Net gain/loss on foreign currency transactions/ translation (other than adjusted as finance costs)   | 6,414         | 106           |
| Prior Period Expenses  |               | -             |
| Loss on Sale of Fixed Assets   | 4             | -             |
| Miscellaneous Expenses   | 701           | 391           |
| <b>Total</b>   | <b>10,570</b> | <b>3,276</b>  |
| <b>Note :</b>  |               |               |
| 1 Rates and Taxes including ₹ 25 lacs ; Previous year ₹ 9 Lacs towards Stamp duty.   |               |               |
| 2 Insurance charges (including ₹ 249 lacs; Previous year ₹ 202 lacs for ECGC Premium reimbursed to banks.  |               |               |
| 3 The Company has various operating leases for factory premises and office facilities that are renewable on a periodic basis and can be terminated at the option of either party. Rental expenses for operational leases recognized in the Profit and Loss Account for the year are ₹ 82 Lacs (₹ 64 Lacs). |               |               |
| Minimum future lease rentals payable are :   |               |               |
| (a) Payable within one year  | 34            | 38            |
| (b) Payable within one year and five years   | 16            | 73            |
| (c) Payable after five years   | 10            | Nil           |

# ANNUAL REPORT 2011-2012

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ In Lacs)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| Minimum future lease rentals receivable in respect of assets given on operating lease in the form of Plant and Machinery after 01/10/2002 and Building after 01/08/2001 are : |              |               |
| (a) Receivable within one year  | 7            | 10            |
| (b) Receivable within one year and five years   | 8            | 9             |
| (c) Receivable after five years   | Nil          | Nil           |
| <b>Prior Period Expenses</b>  |              |               |
| The expenses includes Expenses for the prior period   |              |               |
| Rent  | 1            | -             |
| Bank Interest   | 4            | 1             |
| Professional Fees   | 15           | -             |
| Miscellaneous Expenses  | 2            | 1             |
|   | <u>22</u>    | <u>2</u>      |
| <b>Note 27. Earnings Per Share</b>  |              |               |
| <b>Profit computation for both Basic and Diluted earnings per share of Rs.10 each</b>   |              |               |
| Net profit as per Profit and Loss Account   | 11,756       | 13,054        |
| <b>Weighted Average No. of Equity Shares</b>  |              |               |
| Shares at the beginning of the year   | A 66,844,258 | 61,844,258    |
| Shares allotted during the year   | B 36,763,636 | 5,000,000     |
| <b>Date of allotment</b>  | 01.02.2012   | 14.10.2010    |
| Effective No. of shares (allotted during the year)  |              |               |
| For calculation of EPS on the basis of No. of days  | C 6,127,273  | 2,315,068     |
| Total Shares for calculation of EPS (A+C)   | D 72,971,531 | 64,159,326    |
| Less: Shares which are partly paid –  |              |               |
| to the extent of 50%  | E 274,024    | 274,215       |
| 50% thereof   | F 137,012    | 137,108       |
| <b>Weighted Average No. of Equity Shares for EPS (D-F)</b>  | 72,834,519   | 64,022,218    |
| Total Shares as at the close of the year (A+B)  | 103,607,894  | 66,844,258    |
| Earning per Share (₹)   | 16.14        | 20.39         |
| <b>Note 28. Contingent Liabilities and Commitments (To the extent not provided for)</b>   |              |               |
| <b>(A) Contingent Liabilities</b>   |              |               |
| (a) EPCG Benefits   | 752          | 256           |
| (Custom Duties payable if Export obligation not met)  |              |               |
|   | <u>752</u>   | <u>256</u>    |
| <b>(B) Commitments</b>  |              |               |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for  | 54           | 10            |
| <b>Total (A) + (B)</b>  | <u>806</u>   | <u>266</u>    |

The Company has implemented the Provisions of Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets. The Company has recognized contingent liabilities as given above and as such no provision is required to be made. The Company does not have any Contingent Assets which require provision.

**Note 29.** During the year under review the Company has entered into transactions in relation to derivative instruments. As certified by the management, the transactions were entered into for hedging based on underlying exposure and in accordance with Risk Management Policy of the Company and relevant guidelines issued by RBI. As disclosed by the Company, transactions outstanding on the balance sheet date which may entail loss in subsequent period were in respect of Forward Contracts for hedging foreign exchange exposure in relation to receivable and payable numbering to 68 (116) amounting to ` 284,750 lacs ( ` 193,469 lacs). Option Contracts numbering to 49 (4) amounting to ` 364,330 lacs ( ` 160,56 lacs) are also outstanding as on the Balance Sheet date.

# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

**Note 30.** As per the provisions of Accounting Standard 17 - "Segment Reporting" issued by the Institute of Chartered Accountants of India, the details of the Primary and Secondary Segments are given below :

SEGMENT INFORMATION FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(A) Information about Primary Business Segments (₹ In Lacs)

|  | DIAMONDS             | JEWELLERY            | BULLION           | Un-allocated       | TOTAL                |
|--|----------------------|----------------------|-------------------|--------------------|----------------------|
| <b>REVENUE</b>                             |                      |                      |                   |                    |                      |
| Sales                                      | 124,486<br>(124,522) | 493,804<br>(353,924) |                   | (9,732)            | 618,290<br>(488,178) |
| Other Income                               | 905<br>(1,049)       | 470<br>(1,528)       | 384<br>(477)      | 5,191<br>(5,376)   | 6,950<br>(8,430)     |
| <b>RESULTS</b>                             |                      |                      |                   |                    |                      |
| Profit Before Interest, Depreciation & Tax | 3,487<br>(3,505)     | 13,213<br>(11,339)   | 384<br>(477)      | 5,191<br>(4,935)   | 22,275<br>(20,256)   |
| Depreciation                               | 452<br>(315)         | 378<br>(412)         |                   |                    | 830<br>(727)         |
| Profit Before Interest                     | 3,035<br>(3,190)     | 12,835<br>(10,927)   | 384<br>(477)      | 5,191<br>(4,935)   | 21,445<br>(19,529)   |
| Finance Costs                              |                      |                      |                   |                    | 8,791<br>(6,722)     |
| Profit Before Tax                          |                      |                      |                   |                    | 12,654<br>(12,807)   |
| Provision For Tax (and Deferred Tax)       |                      |                      |                   |                    | 2,483<br>(685)       |
| Profit After Tax                           |                      |                      |                   |                    | 10,171<br>(12,122)   |
| <b>OTHER INFORMATION</b>                   |                      |                      |                   |                    |                      |
| Segment Assets                             | 92,245<br>(81,004)   | 335,269<br>(234,638) | 15,960<br>(9,032) | 48,035<br>(54,986) | 491,509<br>(379,660) |
| Segment Liabilities                        | 48,832<br>(53,275)   | 290,299<br>(213,161) | 15,322<br>(8,491) | 1,252<br>(1,992)   | 355,705<br>(276,919) |
| Share Capital & Reserves                   |                      |                      |                   |                    | 135,230<br>(102,219) |
| Deferred Tax Liability                     |                      |                      |                   |                    | 574<br>(522)         |

(B) Information about Secondary Business Segments

STATEMENT OF CONTINENT-WISE SALES

|               | FY 2011-12 |        | FY 2010-11 |        |
|---------------|------------|--------|------------|--------|
|               | Rs. Lakhs  | %      | Rs. Lakhs  | %      |
| NORTH AMERICA | 78,334     | 12.67  | 65,475     | 13.41  |
| EUROPE        | 113,597    | 18.37  | 95,014     | 19.46  |
| MIDDLE EAST   | 317,193    | 51.30  | 251,733    | 51.57  |
| ASIA          | 109,166    | 17.66  | 75,956     | 15.56  |
| TOTAL         | 618,290    | 100.00 | 488,178    | 100.00 |

# ANNUAL REPORT 2011-2012

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

**Note 31.** As per provisions of Accounting Standard 18 - "Related Party Transactions" issued by the Institute of Chartered Accountants of India, the details of Related Party Transactions based on disclosure certificate issued by the Directors, is enclosed here below:

| i) List of Related Parties : | Particulars  |
|------------------------------|--|
| Associates                   | Forever Precious Jewellery & Diamonds Limited<br>Su-Raj Diamond Dealers Limited<br>Revah Corporation Limited |

**A. Transactions for the year ended 31.03.2012** **(₹ In Lacs)**

|   | Associates         |
|---|--------------------|
| 1. Purchases                                | 185<br>(773)       |
| 2. Sales                                    | 37,209<br>(46,689) |
| 3. Labour charges paid                      | Nil<br>(2)         |
| 4. Labour Charges received                  | 349<br>(124)       |
| 5. Loan Given                               | Nil<br>(1)         |
| 6. Loan Received back                       | Nil<br>(1)         |
| 7. Loan Taken                               | Nil<br>(10)        |
| 8. Equity Contribution                      | Nil<br>(3,000)     |
| 9. Remuneration                             | Nil<br>(Nil)       |
| 10. Issue of share Capital against Warrants | Nil<br>(Nil)       |
| 11. Issue of Share Warrants                 | Nil<br>(Nil)       |
| <b>B. Outstanding as on 31.03.2012</b>      |                    |
| 1. Debtors                                  | Nil<br>(3,110)     |
| 2. Creditors                                | Nil<br>(49)        |
| 3. Loans and Advance                        | 9<br>(10)          |



# WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds And Jewellery Limited)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

**Note 32.** The Engineering Division at Jodhpur has closed its operation. During the year it has incurred a loss of rs. Nil (Rs. Nil). The carrying value of the total assets to be disposed off at Jodhpur is Rs. 101 lacs (Rs. 101 lacs) as at the Balance Sheet date.

**Note 33. Subsequent Events**

**Allotment of Equity Shares upon conversion of convertible warrants issued in October 2010.**

The Company had issued 3,400,000 Optionally Fully Convertible Warrants with an issue price of ₹ 70/- to Kohinoor Diamonds Pvt. Ltd. (KDPL), a promotor group company, on 14<sup>th</sup> October, 2010. At the time of the issue and allotment of warrants, 25% of the issue price i.e. ₹ 17.50 per warrant was paid whereas the balance 75% i.e. ₹ 52.50 per warrant was payable while exercising option to have warrants converted into Equity Share of the company at any time within 18 months from the date of allotment of warrants i.e. on or before 13<sup>th</sup> April, 2012. KDPL exercised its option in respect of 400,000 warrants by paying up the balance 75% of the issue price in respect thereof and was allotted equal no. of fully paid up Equity Shares of ₹ 10/- each on 1<sup>st</sup> February, 2012. Subsequent to the date of balance sheet, on 13<sup>th</sup> April, 2012, KDPL exercised its option in respect of balance 3,000,000 warrants and paid ₹ 1,575 lacs, being balance 75% of the issue price in respect thereof and was allotted equal no. of fully paid-up Equity Shares of ₹ 10/- each. As a result, the paid-up equity share capital of the Company has increased from ₹ 10,361/- lacs to ₹ 10,661 lacs.

**Note 34.** Letters have been issued to Sundry Debtors and Sundry Creditors for confirmation. Confirmations have been received from some of the parties.

**Note 35.** The provision for depreciation and for all known liabilities are adequate and not in excess of the amounts reasonably necessary.

**Note 36.** As per the information available with the Company and certified by them, total outstanding due to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year is Rs. Nil (Nil).

**Note 37.** Figures in brackets in notes 1 to 36 pertain to previous year.

**Note 38.** The financial statements for the year ended 31<sup>st</sup> March 2012 are prepared under revised schedule VI and accordingly previous Year's figures have been re-arranged, re-grouped or re-classified wherever necessary.

As per our attached report of even date  
For **R. C. RESHAMWALA & CO.**  
Chartered Accountants  
(FRN 108832W)

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502  
**Mumbai, 27<sup>th</sup> August, 2012**

**Asish Narayan**  
Company Secretary

For and on behalf of the Board

**Madan B. Khurjekar**

Director

**Ramesh I. Parikh**

Director - Finance

**R. Ravichandran**

Director - Operations

# ANNUAL REPORT 2011-2012

## DETAILS OF SUBSIDIARY COMPANIES

(₹ In Lacs)

| Name of Subsidiary                                    | Su-Raj Diamonds N. V. | Su-Raj Diamonds & Jewelry USA, Inc. | Su-Raj Diamonds & Jewellery DMCC | Su-Raj Diamond (H.K.) Ltd. |
|---|-----------------------|-------------------------------------|----------------------------------|----------------------------|
| 1. Capital  | 5,379                 | 1,832                               | 1,011                            | 1,481                      |
| 2. Reserves and Surplus                               | 1,318                 | 175                                 | 1,255                            | 146                        |
| 3. Total Assets<br>(Fixed Assets + Current Assets)    | 12,166                | 6,090                               | 8,503                            | 3,070                      |
| 4. Total Liabilities<br>(Debts + Current Liabilities) | 5,470                 | 4,083                               | 6,237                            | 1,936                      |
| 5. Investments  | 1                     | -                                   | -                                | 494                        |
| 6. Total Income                                       | 21,391                | 8,660                               | 32,643                           | 5,245                      |
| 7. Profit Before Tax                                  | 243                   | 65                                  | 279                              | 39                         |
| 8. Provision for Tax                                  | -                     | 23                                  | -                                | 6                          |
| 9. Profit After Tax                                   | 243                   | 42                                  | 279                              | 32                         |

# WINSOME DIAMONDS AND JEWELLERY LIMITED

Registered Office: Kesharba Market-2, Gotalawadi, Katargam, Surat 395 004

## ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Shares Held \_\_\_\_\_

Regd.Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

(Name in BLOCK letters) \_\_\_\_\_

I hereby record my presence at the 26<sup>th</sup> ANNUAL GENERAL MEETING of the Company held at Mahida Bhawan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007 on Saturday, the 29<sup>th</sup> September, 2012 at 12.30 p.m.

\_\_\_\_\_  
Member's/Proxy's Signature

**NOTE:**

Members/Proxy holder are requested to bring their copy of the Annual Report with them at the Meeting.

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# WINSOME DIAMONDS AND JEWELLERY LIMITED

Registered Office: Kesharba Market-2, Gotalawadi, Katargam, Surat 395 004

## PROXY FORM

Shares Held \_\_\_\_\_

Regd.Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

(Name in BLOCK letters) \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of the above-named Company, hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ or

failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 26<sup>th</sup> ANNUAL GENERAL MEETING of the Company to

be held on Saturday, the 29<sup>th</sup> September, 2012 at 12.30 p.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Affix  
One Rupee  
Revenue  
Stamp

**Note:** The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

**BOOK-POST**

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**Unit : Winsome Diamonds and Jewellery Limited**  
C-13, Pannalal Silk Mills Compound  
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