



SHRENUJ

HERITAGE • INNOVATION • PASSION

30th

Annual Report

2011 - 2012



Financial Highlights

Operational Highlights

(Rupees in Million)

Financial Year	2011-12	2010 -11	2009 - 10	2008 - 09	2007 - 08	2006 - 07	2005 - 06	2004 - 05
Sales & Other Income	20,250.27	15,551.07	10,365.10	9,119.96	9,878.19	8,841.89	5,573.12	4,894.51
Depreciation	63.20	58.61	39.91	38.74	36.92	35.20	29.46	25.91
Interest	858.93	660.81	734.98	610.81	490.32	380.19	199.62	160.76
Profit After Tax	343.55	305.20	154.74	132.61	306.26	300.48	176.14	111.68

Sources of Funds

Financial Year	2011-12	2010 -11	2009 - 10	2008 - 09	2007 - 08	2006 - 07	2005 - 06	2004 - 05
Shareholder's Fund	5114.00	4854.54	2483.09	1981.13	2184.47	1657.41	1272.29	1139.67
Share Capital	152.82	151.97	138.65	138.65	138.65	125.26	109.06	109.06
Reserves & Surplus	4961.18	4702.57	2344.44	1842.48	2045.82	1532.15	1163.23	1030.61

Performance Ratios

Financial Year	2011-12	2010 -11	2009 - 10	2008 - 09	2007 - 08	2006 - 07	2005 - 06	2004 - 05
Dividend	32.50%	30%	25%	18%	40%	40%	35%	30%
Earning Per Share* Rs.	4.52	4.03	2.24	1.91	4.37	4.80	3.23	2.05
Book Value Per Share * Rs.	66.93	63.89	35.82	28.58	31.80	26.79	23.33	20.90
Forex Earnings (Rs. in Mn)	16478.20	11660.56	7618.27	7538.30	9199.69	8147.85	5247.63	4501.77

* Face Value Rs. 2/- each

Registrar & Transfer Agents

Sharepro Services (I) Private Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Nr. Sakinaka Tel. Exchange,
Off. Andheri Kurla Road, Andheri (E),
Mumbai 400 072

Tel No: 022 6772 0300

Fax No: 022 2859 1568

Website : www.shareproservices.com

Email: shrenuj@shareproservices.com

Company Secretary
Shri Sanjay M. Abhyankar

Auditors

Rajendra & Co.
Chartered Accountants
1311, Dalamal Towers,
211, Nariman Point,
Mumbai 400 021

Solicitors

Talwar Thakore & Associates
Advocates & Solicitors
3rd Floor, Kalpataru Heritage,
127, M. G. Road,
Fort, Mumbai 400 001

Bankers

Bank of India
Allahabad Bank
Andhra Bank
Bank of Baroda
Corporation Bank
Export Import Bank of India
ICICI Bank Ltd.
IDBI Bank Ltd.
Indusind Bank Ltd.
Karnataka Bank Ltd.
Punjab National Bank
Standard Chartered Bank
State Bank of Hyderabad
State Bank of India
State Bank of Patiala
Syndicate Bank
Union Bank of India
Vijaya Bank
YES Bank

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DIRECTORS
from left

- | | |
|-------------------------|--------------------------------|
| Shri. Nihar N. Parikh | - Executive Director |
| Shri. Keki M. Mistry | - Independent Director |
| Shri. Vishal S. Doshi | - Group Executive Director |
| Shri. Kirtilal K. Doshi | - Chairman Emeritus |
| Shri. S.S. Thakur | - Independent Director |
| Dr. Surendra A. Dave | - Independent Director |
| Shri. Suresh N. Talwar | - Independent Director |
| Shri. Minoo R. Shroff | - Independent Director |
| Dr. B.R Barwale | - Independent Director |
| Shri. Shreyas K. Doshi | - Chairman & Managing Director |



Highlights

- Jewellery manufacturing unit established in Botswana.
- Diamond cutting and polishing factory opened in Johannesburg, South Africa.
- Renewed contract with DTC International (London) and DTC, Botswana under Supplier of Choice for the year 2012-15.
- FOREVERMARK launched in Malaysia by Shrenuj.
- Retail chain “DITI” crossed 175 POS.
- Joint Venture for Direct Supply of Diamonds to retailers in Italy commenced operations by end of first quarter of F.Y. 2012-13.
- New diamond cutting and polishing unit being set up in India. Total capex estimated Rs.30 crores.
- Shrenuj USA set up a new office in New York.
- Launch of brands “CARO-74” and “EMBRAZZO” in GCC.
- A great honour for the Company to get an international recognition in Guinness World Records for a diamond ring named “Tsarevna Swan”.
- Shri Festus G. Mogae, former President of Republic of Botswana joined our Board.
- Completed the market research for a niche diamond jewellery product in US market. Plan to launch new brand in mid 2012 at about 250-300 stores of a major jewellery chain store across US.



Sitting : Shri. Shreyas Doshi

Standing: Shri. Vishal Doshi

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 30th Annual Report of your Company and the Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

The performance of the Company for the financial year ended 31st March, 2012 is summarized below:

	(Rupees in Million)	
	Financial Year	
	2011-12	2010-11
	-----	-----
Profit before interest and depreciation	1399.43	1159.32
Less : Finance Cost	876.68	675.61
Depreciation / Amortization	63.20	58.61
	-----	-----
Profit before tax	459.55	425.10
Less : Provision for tax	114.60	118.40
Deferred Tax Liability	1.40	1.50
	-----	-----
Profit after tax	343.55	305.20
Add : Balance Brought Forward from Previous year	835.09	618.04
	-----	-----
Profit available for appropriation	1178.64	923.24
	=====	=====
APPROPRIATIONS		
General Reserve	35.00	35.00
Proposed Dividend	49.78	45.73
Tax on Proposed Dividend	8.08	7.42
Surplus in Profit & Loss Account	1085.78	835.09
	-----	-----
	1178.64	923.24
	=====	=====

OPERATIONS:

The performance of the Company was commendable with 30% increase in sales revenue to Rs. 20,241.65 million (Rs. 15,542.10 million). Net profit registered a growth of 12.6% to Rs. 343.55 million (Rs. 305.20 million). The increase in revenue is a reflection of the Company's impetus to acquire greater market share during the economic downturns. With the gradual recovery in US and a few other major markets your company helped in achieving its revenue target for the year.

The Company has recorded satisfactory growth, looking to the depressing global economic scenario. US



and European operations were affected by the subdued consumer sentiments. The strong management bandwidth, sustainable business strategy and ability to respond to the evolving market dynamics were responsible for the improved performance.

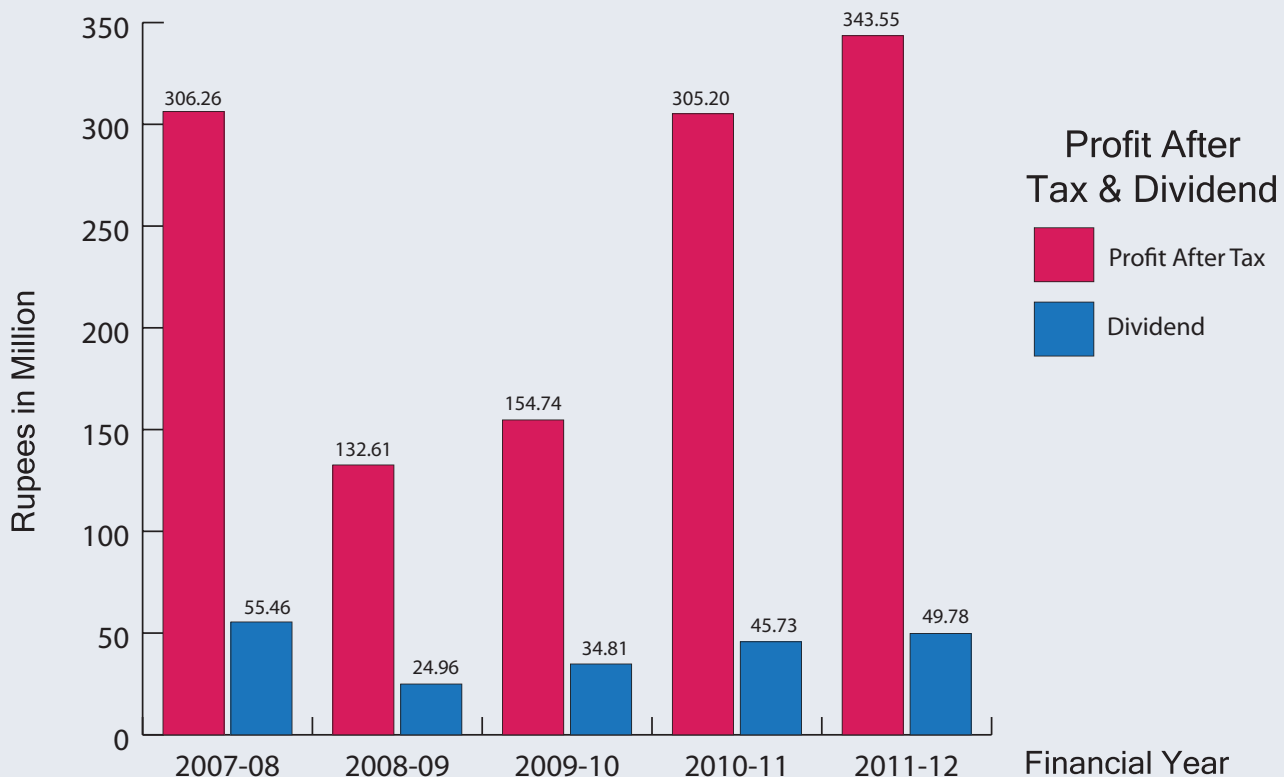
Revenues from retail and branded jewellery operations have recorded an impressive 40.78% growth in FY 2011-12, rising to Rs. 2,245.59 million (Rs. 1,595.10 million). Company's retail brand "Diti", continued to expand its footprint at a rapid rate, with 175 points of sale in 29 cities across India. International branded jewellery collections of Shrenuj were well received and also contributed to the improved operating margins.

The consolidated sales revenue rose by 28.25% to Rs. 31,505.85 million (Rs.24,565.15 million). Net profit registered a gain of 23.74% to Rs. 703.40 million (Rs. 568.45 million). EPS for the period (Basic & Diluted) was higher at Rs. 9.25 (Rs. 7.50) per share (face value of Rs.2/-).

The expansion of Company's diamond manufacturing bases in Botswana and South Africa during the past two years has helped to achieve these results, despite challenging market conditions and volatility in the rough diamond prices.

DIVIDEND:

The Board of Directors has recommended payment of a higher final dividend of 32.50% i.e. 65 paise per share on 76,592,308 Equity Shares of Rs. 2/- each, for the year ended 31st March, 2012. The dividend will entail an outflow of Rs.57.86 million (including dividend tax of Rs. 8.08 million) on the paid up equity share capital of Rs.153.18 million. The payment of dividend is subject to the approval of the Members at the ensuing Annual General Meeting of the Company.



PROSPECTS:

Shrenuj's business is built on three core values: Heritage, Innovation and Passion. The Company's goal is to manufacture and market high quality diamond products that excite and attract consumers. Your Directors believe the best way of creating value is through a fully integrated business model, ensuring efficiency and better product control.

Your Company is committed to improving processes, continuously investing in the best technology and developing a highly skilled workforce. The Company distributes its loose polished diamonds and diamond jewellery products to all the major global consumer markets to create a global balance reducing its exposure to any one market, and retaining flexibility to capture opportunities as demand changes. The Company has a network of sales offices around the world. Each local office has an intimate knowledge of its market needs, and strives to offer the best possible service to its customers.

During the year your Company has commissioned a new diamond cutting and polishing unit in South Africa. The unit is equipped with state of the art technology to produce best in class diamonds. This new unit will augment the Company's manufacturing capacities in India and Botswana and help in servicing the growing needs of the Company's downstream marketing activities. The Company continues to focus on more value addition within its value chain in the coming years, with an expected share of about 50% revenue being generated by jewellery, franchising and retail segments by 2015.

A diamond ring named "Tsarevna Swan", which made it to the Guinness World Records as a ring studded with the most number of diamonds, exclusively supplied by your Company to Classic Jewelry House of Kiev, Ukraine. The ring is studded with a total of 2,525 diamonds in miniscule size with a total weight of



Tsarevna Swan ring

10.48 carats. It is a matter of great pride for the Company to get such a coveted international recognition.

The Company has completed market research for a niche diamond jewellery product in the US market. The results are very encouraging. The new product line is based on a very special cut, proven by leading gem-testing laboratories to be the most brilliant diamond in the world. The Company plans to launch this new brand in mid 2012 at about 250-300 stores of a major jewellery chain store across US. These products will help to project Shrenuj as a market leader in this most discerning market.

SHARE CAPITAL:

During the year, Issued, Subscribed and Paid-up Share Capital of your Company has increased from Rs. 151.97 million to Rs.152.82 million. The Company has issued and allotted 424,600 equity shares of Rs.2/- each to its employees on exercising stock options granted to them under the Employee Stock Option Scheme, 2006.



SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

The Company has 8 subsidiary companies, 2 located in India and 6 outside India. It has 17 step-down overseas subsidiaries across the globe.

As required under the Listing Agreements with the Stock Exchanges a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statement has been prepared in accordance with the Accounting Standards 21, 23 and 27 as notified by the Companies (Accounting Standards) Rules, 2006.

GENERAL EXEMPTION PROVIDED FROM NOT ATTACHING THE BALANCE SHEET OF SUBSIDIARY COMPANIES TO THE ANNUAL REPORT OF THE COMPANY U/S. 212(8) OF THE COMPANIES ACT, 1956:

The Government of India, Ministry of Corporate Affairs (MCA), New Delhi vide its Circular No.2/2011 dated 8th February, 2011 has granted general exemption to the Company from annexing to this report, the Annual Reports of the subsidiary companies. As per the directives issued under Section 212(8) of the Companies Act, 1956 the Company has fulfilled the conditions specified in the said circular.

Pursuant to the said circular from MCA, a gist of the financial performance of the subsidiary companies is disclosed elsewhere in the Annual Report. If any Member of the Company or any of its subsidiary companies so desires, the Company will make available copies of Annual Accounts of the subsidiary companies and related information. These documents will also be available for inspection during business hours at the Registered Office of the Company except Saturday, Sunday and Holidays.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure- I to this Report.

PARTICULARS OF EMPLOYEES:

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 2011 the names and other particulars of employees are set out in the Annexure II to this report.

GROUP FOR INTER SE TRANSFER OF SHARES:

Based on the information received from the Promoters and as required under Clause 10(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, persons

constituting 'Group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 10 of the aforesaid SEBI Takeover Regulations comprises:

- | | |
|---|---|
| 1. Shri Kirtilal K. Doshi including HUF | 8. Dr. Anjali Pradeep Mehta |
| 2. Shri Shreyas K. Doshi including HUF | 9. Dr. Pradeep A. Mehta |
| 3. Shri Anuj Kirtilal Doshi | 10. Anuj Doshi Trust |
| 4. Shri Vishal Shreyas Doshi | 11. Aman Doshi Trust |
| 5. Smt. Suman Kirtilal Doshi | 12. Shrenuj Investments & Finance Pvt. Ltd. |
| 6. Smt. Geeta Shreyas Doshi | 13. Prest Impex Private Limited |
| 7. Smt. Rachana Vishal Doshi | 14. Kum. Aditi Shreyas Doshi |

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis, which forms part of the Annual Report as Annexure - III.

DIRECTORS:

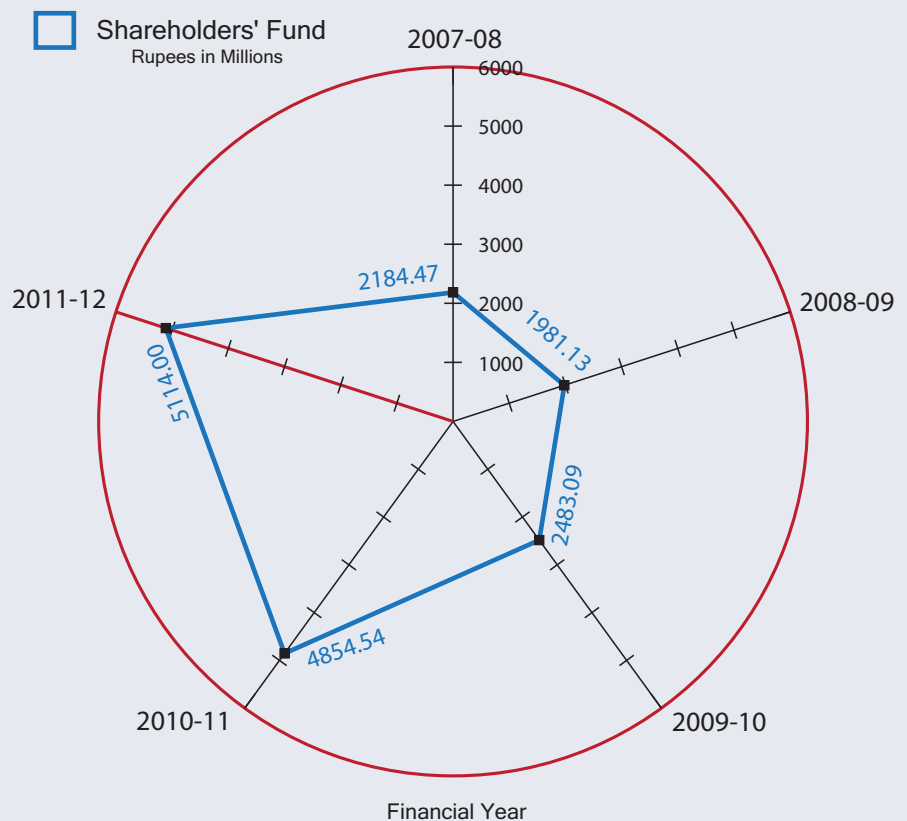
Dr. Badrinarayan R. Barwale, Shri Suresh N. Talwar and Shri Shreyas K. Doshi, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Shri Festus Mogae, former President of Botswana was appointed as Additional Director of the Company w.e.f. 28th May, 2012. He will hold office as Additional Director upto the date of ensuing Annual General Meeting

Brief profiles of the Directors proposed to be appointed/re-appointed as required under clause 49 of the Listing Agreement are annexed to the Notice convening the Annual General Meeting forming part of the Annual Report.

FIXED DEPOSITS:

During the year under review the Company has accepted fixed deposits





of Rs. 8.50 million from the public. The fixed deposits outstanding as on 31st March, 2012 were 16.50 million.

HUMAN RESOURCE MANAGEMENT:

Shrenuj & Company Limited is an integrated gem and jewellery conglomerate having presence across 15 countries with activities ranging from diamond processing, jewellery manufacturing to branding and retailing. It employs over 2,500 people in its worldwide operations. Shrenuj Group's state of the art diamond manufacturing facilities in India, Botswana and South Africa specialize in processing high quality diamonds. The Company's key to success and growth is its band of employees who are recruited on merit and subjected to intensive training.

INSURANCE:

Properties and assets of the Company are adequately insured.

DIRECTOR'S RESPONSIBILITY STATEMENT:

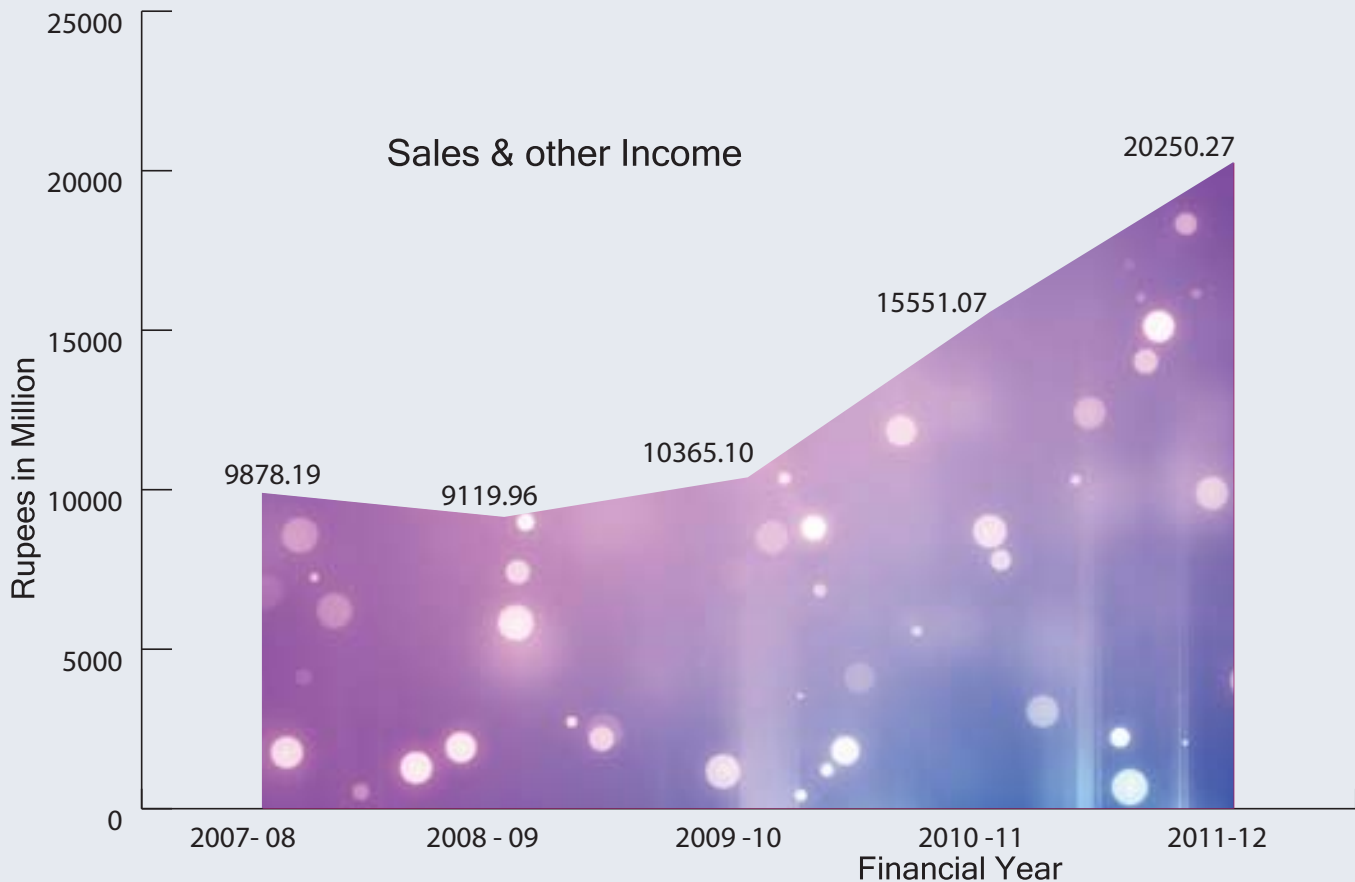
As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm;

- (i) That in the preparation of Annual Accounts for the year 2011-12, the applicable Accounting Standards, to the extent practicable, have been followed and that there are no material departures;
- (ii) That the Directors have adopted such accounting policies and have applied them consistently and have made judgements 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 31st March, 2012 and of the profit of the Company for the 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;
- (iv) That the Directors have prepared annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

The Company is committed to uphold the highest standards of Corporate Governance and adhere to the requirements set out by the Securities and Exchange Board of India. As required by Clause 49 VI of the Listing Agreement, a detailed report on Corporate Governance forms part of the Directors' Report as Annexure IV. The Auditors' certificate on compliance with Corporate Governance requirements is attached to the Corporate Governance Report.

The Chairman & Managing Director's declaration regarding compliance with the Business Conduct Guidelines (Code of Conduct) is also attached to the Corporate Governance Report as Annexure 1.



GENERAL SHAREHOLDER INFORMATION:

General Shareholder Information is given in Annexure V to this report.

EMPLOYEE STOCK OPTION SCHEME:

The Company had granted 1,565,763 stock options to its existing employees and employees of its subsidiary companies based in India and outside India (including Directors other than promoters) to subscribe to the equity shares of the Company, in accordance with the provisions of the Company's Employee Stock Option Scheme - 2006.

The employees have been allotted 1,247,163 new equity shares on exercising Stock Options out of 1,565,763 stock options granted to them. During the year 2011-12, the Options exercised aggregated to 424,600. Exercise price of Rs.21/- per Option is not lower than the par value of Equity Shares and not more than the price prescribed under Chapter VII of the SEBI (Issue of Capital Disclosure Requirements) Regulation, 2009 on grant date. During the year 2011-12, the Company received a sum of Rs. 11.27 million as exercise consideration (excluding tax), of which Rs.0.85 million was towards Share Capital and Rs.10.42 million towards Securities Premium.

During the year under review, 27,100 Options lapsed. Options in force as at March 31, 2012 stood at 501,313. Options granted to and exercised by Senior Managerial Personnel were as under:



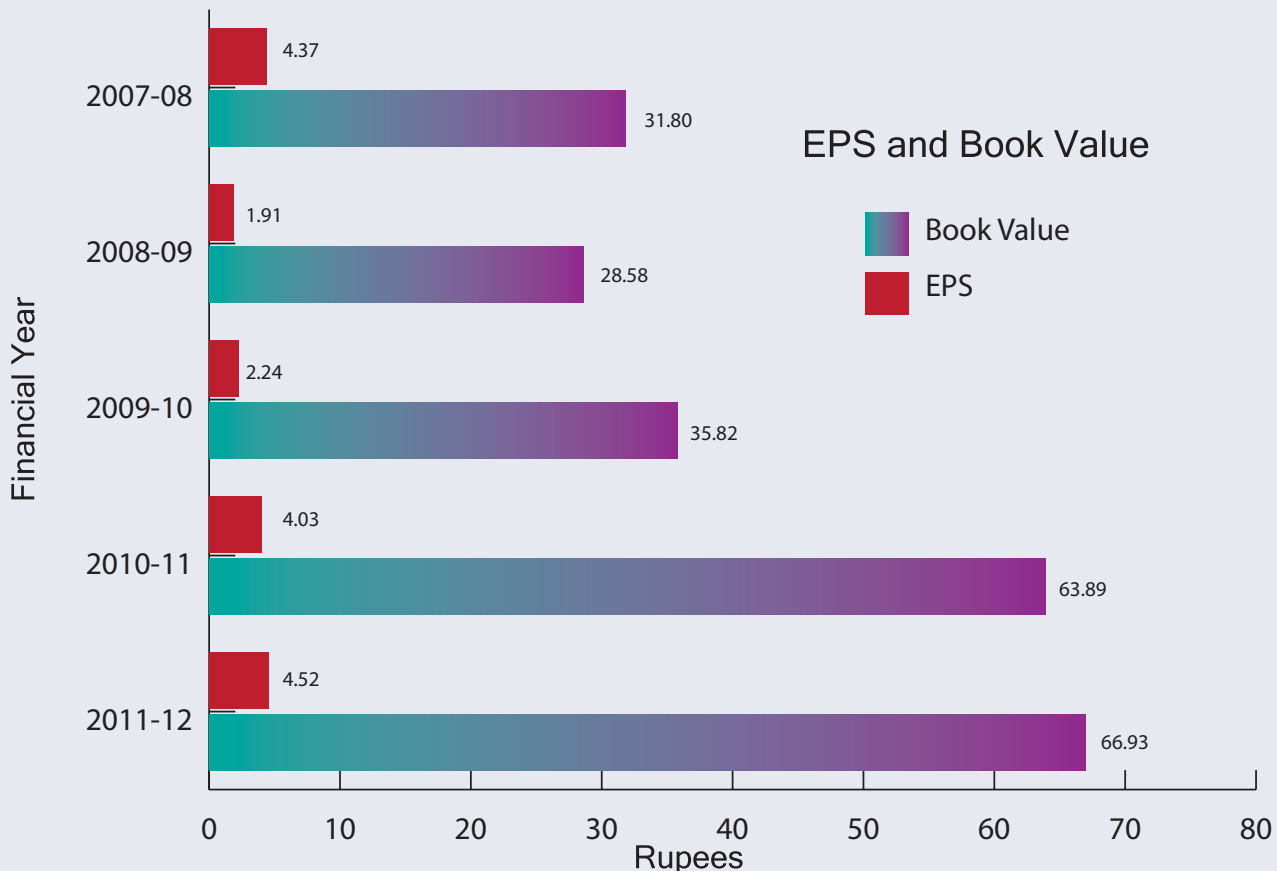
- Shri Nihar N. Parikh - 400,000
- Shri Vinod M. Shetye - 12,000
- Shri Ashir S. Doshi - 12,000
- Shri Shekhar K. Shah - 110,263
- Shri C. S. Valand - 12,000
- Shri Ashok R. Shah - 12,000
- Shri Umesh N. Shah - 12,000

None of the employees received 5% or more of the total number of options granted during the year nor were granted equal to or exceeding 1% of the Issued Capital of the Company.

Weighted average exercise price was Rs. 21/- whereas weighted average fair price using Black Scholes model was Rs. 33.20. The significant assumptions used to estimate the fair values of options were:

- Method - Black Scholes Model
- Risk free interest rate (%) - 8.45%
- Expected life (No. of years) - 55 days (April 30 and May 25 days till 25th May, 2012)
- Expected volatility (%) - 39.84%
- Dividend yield (%) - 30.00%

Market price of the underlying shares on grant date i.e. 26th May, 2009 was Rs. 26.55 on NSE and price as on date of valuation, i.e. 30th March, 2012 was Rs. 64.20 on NSE. The difference between the employees compensation cost based on intrinsic value and the fair value for the year is Rs. 14.79 million and diluted EPS is Rs. 4.31 against basic EPS of Rs.4.51.



AUDITORS AND AUDITORS' REPORT:

The Statutory Auditors of the Company, M/s. Rajendra & Co., Chartered Accountants, Mumbai, (Firm Regn. No. 108355W) retire at the conclusion of the ensuing annual general meeting of the Company and have confirmed their willingness and eligibility for re-appointment and have also confirmed that their re-appointment, if made, will be within the limits prescribed under Section 224(1)(B) of the Companies Act, 1956.

The Board has duly reviewed the Statutory Auditors' Report on the Accounts. The observations and comments appearing in the Auditors' Report are self-explanatory and do not call for any further explanation/clarification by the Board under Section 217(3) of the Companies Act, 1956.

APPOINTMENT OF COST ACCOUNTANT UNDER RULE 5 OF THE COMPANIES (COST ACCOUNTING RECORDS) RULES, 2011:

M/s. ABK Associates, Cost Accountants, were appointed to submit compliance report alongwith the requisite annexure duly certified by them for the financial year commencing from 1st April, 2011 to 31st 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.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

The Company sends reminder letters to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. During the year, the Company has transferred a sum of Rs.289,237/- to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205C (2) of the Companies Act, 1956. The Company has so far transferred a total sum of Rs.2,502,451.43 to the said Fund.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank the Members, financial institutions, banks, foreign patrons, Diamond Trading Company Limited, London, Regulatory authorities, Stock Exchanges and all stakeholders for their continued co-operation and support. The Directors would also like to place on record their appreciation to all executives, officers and employees at all levels of the Company for their dedicated contribution to the growth of the Company's business.

For and on behalf of the Board

Place: Mumbai
Date: 28th May, 2012.

SHREYAS K. DOSHI
CHAIRMAN & MANAGING DIRECTOR



ANNEXURE-I

Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

A. Conservation of energy

As the Company is not covered in the list of industries required to furnish information in form 'A' relating to Conservation of Energy, the same is not given. Even though its operations are not energy-intensive, significant measures are taken to reduce energy consumption by using energy-efficient equipment. The Company regularly reviews power consumption patterns across all locations and implement requisite improvements/changes in the process in order to optimize energy/power consumption and thereby achieve cost savings.

Energy costs comprise a very small part of the Company's total cost of operations. However, as a part of the Company's conservation of energy programme, the management has appealed to all the employees / workers to conserve energy. The management has set up an on-going process for optimum utilization of machines. The measures taken have resulted in savings in cost of production, power consumption and processing time.

B Research and Development (R & D)

R & D is focused on the development of new products both for export and local markets. Due emphasis is placed on improving quality standards with enhanced customer satisfaction. This was primarily achieved through process improvements, control on systems, reduction of waste and energy conservation. Effective use of tools and small group activities with the technological support resulted in controlling the variations in processes, maximizing the productivity and minimizing the cost of production.

1. Specific areas in which R & D carried out by the Company:

- i) Material evaluation/Characterization of raw materials and rough diamonds.
- ii) Planning, cutting and polishing of diamonds and manufacturing of jewellery.
- iii) In house development of advance software for preventing human errors.
- iv) Cleaving, kerfing and sawing techniques for diamonds.
- v) Designing of jewellery and development of new cuts in diamonds.
- vi) Waxing, wax setting, casting, sprue grinding, filling and polishing of jewellery.
- vii) Capability development for in- house processes, designs and strategic applications of material for product improvement.

Efforts continued in the direction of fine tuning of the jewellery manufacturing and the changes in designs. These resulted in improvements in product performance.

2. Benefits derived as a result of R & D activity:

The R & D activities helped to add new quality products to its range viz. Diti, Joliesse etc. and to achieve greater customer acceptance in the retail market. These activities also enabled the Company to reduce waste, increase productivity, achieve higher "customer satisfaction" and derive following benefits:

- a. Increase product range coupled with technology upgradations and cost reduction;
- b. Introduction of new products with a focus on achieving global acceptance and in conformity to Indian and International standards;
- c. Improved quality in diamond and jewellery manufacturing;
- d. Increased customer base and additional business volumes;

- e. Reduction in reworks and elimination of manufacturing rejections in jewellery;
- f. Improved finish and lustre of diamonds;
- g. Ability to calculate precisely the yield on each lot of diamonds and offer promised delivery dates, leading to improvements in buying decisions for rough diamonds and process cycle;
- h. Boosting the capabilities, to offer custom-made jewellery and fetching orders in stiff international competition.

3. Future plan of action:

- a. Plans to develop new quality products and upgrade existing range of jewellery in order to meet new market trends.
- b. The Company will explore various options to adopt latest technology and use of equipment for its operations
- c. Investment in expanding distribution footprint.

Future benefits are expected to flow in from initiatives undertaken by the Company as under:

- High growth in retail segment
- Enhancement of goodwill in B2B segment
- Direct impact on margins by giving access to retailers in target market.

4. Expenditure on R & D for the year ended March 31, 2012.

a. Capital Expenditure	-	Nil
b. Recurring Expenditure	-	Nil
c. Total	-	Nil
d. Total R & D expenditure as a percentage of total turnover	-	Nil

Expenses incurred on R & D were not material enough to be stated in this report and being an ongoing process, becomes difficult to allocate under the above referred heads.

C. Technology absorption, adoption and innovation

1. Efforts in brief made towards technology absorption, adoption and innovation

Efforts undertaken

The Company values innovation and applies it to every facet of its business. This drives development of distinctive new products, ever-improving quality standards and more efficient processes.

Innovation is embedded in Shrenuj's history. Shrenuj was the first diamond company to introduce laser processing technology in India, back in 1987. It continues to strive for improvement and is currently trialing pioneering technology that will automate the polishing process.

Product development receives primacy in Shrenuj. The Company has created a number of new and unconventional polished diamond cuts through its business unit 'Trapz', several of which are patented. It has received numerous industry design awards over the years, and introduced exciting new concepts to consumers, such as multi-functional and interchangeable designs.



The Company uses the service of in-house designers as well as those of free-lancers in developing product designs as per the emerging market trends. The Company uses innovation in design as well as in technology to develop new products.

2. Benefits derived as a result of the above efforts

As a result of the above, the following benefits have been achieved:

- a. Better efficiency in the operations.
- b. Consequent to the establishment of various facilities for design and development of new products, there is a reduced dependence on external sources for technology required towards new products and upgrading existing products.
- c. Expansion of product range and Cost reduction.
- d. Meeting Global Standards of quality and increased export potential.
- e. Improved precision.
- f. Retention of existing customer and expansion of customer base.
- g. Lower inventory stocks resulting in low carrying cost.
- h. Customer returns on account of production defects reduced substantially resulting in low quantum of rework & reduction in overtime.

3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information is furnished:

- | | | |
|--|---|---|
| a. Technology imported | - | Computer aided diamond scanner (Galaxy) |
| b. Year of import | - | 2011 |
| c. Has Technology been fully absorbed? | - | Yes |
| a. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action | - | Not applicable |

D. Foreign Exchange earnings and outgo

1. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans:

The Company has a wide and appealing range of products. Each division has dedicated cells for giving impetus to exports. Various offices and designated executives abroad help to create demand for our products in selected countries and explore new markets. The Company is expanding the reach of new products by synergising with existing products and establishing new projects like in Botswana. The Company regularly participates in prestigious international exhibitions and conducts market surveys. Its international presence in 15 countries with a global spread of offices and joint ventures with world leaders offers a competitive edge.

With India's growing importance as a low-cost manufacturing base and good health, safety and environment practices, the Company sees great export potential for many of its products across the globe. During the year under review the Company's exports were Rs. 16,478.20 million i.e. 81.41% of total sales.

2. Total Foreign Exchange used and earned

(Rs. in millions)

	Current Year	Previous Year
Total Foreign Exchange earned on F.O.B. basis	16,478.20	11,660.56
Total Foreign Exchange used	14,062.68	8,638.56

ANNEXURE - II

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Amendment Rules, 2011 and forming part of the Directors' Report for the year ended 31st March, 2012.

Name	Designation/ Nature of Duties	Gross Remuneration (Rupees)	Date of Joining	Age/ Experience (years)	Qualification	Last Employment held
Shri Shreyas K. Doshi	Chairman and Managing Director	18,755,916	13.04.1982	61 / 42	F.Y. Science	-
Shri Nihar N. Parikh	Executive Director	8,984,750	01.10.1992	44 / 20	B.Com	-
Shri Vishal S. Doshi	Group Executive Director	10,337,666	01.09.2001	33 / 13	B. Com	-

Note: Gross Remuneration as shown above includes basic salary, house rent/ any other allowance, expenditure incurred on providing housing and other facilities, bonus, superannuation, leave travel, incentives, medical and Company's contribution to provident fund and gratuity. Allowance and perquisites exclude valuation of the employee stock options exercised during the year 2011 -2012 as it does not constitute remuneration for the purpose of the Companies Act, 1956. However, tax has been paid in accordance with the provisions of the Income Tax Act, 1961.



MANAGEMENT DISCUSSION & ANALYSIS

Micro-economic Outlook

Business Overview: Diamond Industry

2011-12: Loss of Momentum in Global Growth

There are distinct signs of a slowdown in global economic growth. The Eurozone has been worse affected with a deepening recession in many countries and even German manufacturing showing weakness. With severe financial crisis in Greece and the precarious position of banks in Spain there is no prospect of early recovery in the Eurozone.

In contrast, the US Federal credit conditions survey for Q2 was much more upbeat. But even in the US there are signs of the economy slowing. Elsewhere, the UK unexpectedly slipped back into technical recession in Q1. Leading rating agencies have downgraded their 2012 growth forecasts for China and Brazil and also for Korea and Taiwan. These factors have dampened consumer sentiments and demand. There are some prospects of global economic conditions improving in the second half of 2012 provided concerted action is taken by concerned government to revive growth.

These signals have not gone unnoticed by stock markets, which have weakened significantly from their mid-March peaks. The resulting loss of wealth may further dampen consumer spending and investment.

General forecast still looks for the world economy to pick up from Q3-2012, helped by policy moves over recent months. The forecast also assumes the ECB will restart bond purchases if needed to limit financial contagion and that most of the automatic spending cuts scheduled for early 2013 in the US are delayed. But with both potential growth locomotives for the world economy - the US and emerging markets - showing relatively subdued growth at present, the companies have adopted a cautious and risk-averse approach.

The Diamond Industry

Rough diamond prices in the first eight months of 2011 saw selling prices rise by 44 percent, only to witness a steep fall of 16 percent in the later part of the year. Looking at the composite price index for all qualities and sizes, we witnessed a doubling of rough prices in the past two years, which again outpaced the prices realised on finished products. We believe that such sharp corrections are not sustainable and during the year, the prices of rough diamonds will stabilize and will be a better reflection of demand for polished diamonds in consumer markets.

A Good Year

As it takes about a year and a half for a diamond to move through the value chain from rough acquisition to polished sales (at polished wholesale prices), price volatility makes it far more challenging to present an accurate picture for the past year.

The volatility in average prices of rough diamonds ranged from \$95 per carat in 2008, \$72 per carat in 2009, \$98 per carat in 2010, and then climbing to \$121 per carat in 2011. For 2012, we expect the average world price to decline to \$108 per carat, because of the expected stepped-up production from the (cheap goods) Argyle mine and growing Marange output in Zimbabwe.

Last year, natural diamond production was estimated to be in the range of 125-130 million carats valued at \$15.2 billion. This output moved through the pipeline resulting in \$22.6 billion worth of polished. The overhang in the 2011 pipeline is an estimated \$1.3 billion of rough and polished expressed in polished wholesale prices at year-end. It is this overhang that will also impact the rough demand for 2012.

Worldwide diamond jewellery retail sales came to \$70.8 billion. The market share of America in diamond consumption was reduced to 38 percent from well over 40 percent last year. The other major traditional market, Japan, declined further to merely 8 percent share. In a neck-to-neck race to be the second-largest diamond-consuming nation is India, with 12 percent market share, followed by China (mainland) with 11 percent. Amongst other markets, Hong Kong accounts for 2 percent.

The Recycling Factor :

The value of the diamond content in retail sales in 2011 came to \$23.6 billion. The vast majority of this amount (\$22.6 billion) comes from either recently mined rough or inventories. The new reality is, however, that some of the polished diamonds comes from recycled diamonds - diamonds that consumers have held on to for many years or even for generations but now feel the need to sell in order to pay to supplement pensions or to pay debts.

It is estimated that recycled diamonds sold again to the jewellery sector came to about \$1 billion in 2011, which represents 4.4 percent of all polished diamonds sold at polished wholesale prices. This is quite significant, and it has definitely become a supply factor requiring serious thought by pipeline participants, especially producers, when estimating supply-and-demand trends. They do tend to soften polished retail prices, as retailers' huge profits on recycled goods allow them more breathing space in selling polished.

There is an additional "recycling" market in the making: investment diamonds. So far, a dozen or so new companies or structures purchase polished for investment purposes. These diamonds will come back in at some point, but at present there are mostly buyers and not sellers.

A Closer Look at Retail Environment

Although mining costs in absolute terms may not have increased much since 2008, the higher price levels of the output have dramatically doubled, and in some instances, even tripled mining profits. This is quite evident in the evolution of profit sharing in the value chain.

Worldwide, the share of diamond content in jewellery pieces has increased to some 32 percent from 28-30 percent in past few years. There are many reasons for this. One factor is the shift of markets from the United States to the far more value-conscious Far Eastern market. The higher gold price has also contributed to containing more diamonds and less gold in an industry that is at pains to meet certain price points. Also less expensive materials are increasingly being used in the final product.

The projected global diamond retail sales figure of \$70.8 billion actually accounts for more diamonds (by value) a decade ago.

In the Aftermath of the Crisis

The global retail demand sales in 2011 increased by 10.3 percent compared to the previous year. However, it is still slightly below the 2007 pre-crisis level. One research shows that global retail demand is set to increase by 8.3 percent this year. This definitely takes us well above the pre-crisis levels.

On the rough demand side, 2011 saw a 35.2 percent increase over the previous year. This trend is not sustainable and our models suggest that rough demand will actually decline slightly in 2012. The same counts for the cutting and polishing centers. Though in 2011 we saw a growth of polished diamond demand of 19.4 percent, this is estimated to slow down to 6.2 percent in 2012. So, while 2011 was quite a trying year for the downstream industry in which profits mostly came from higher diamond values, 2012, if anything, will be more challenging.

Industry Outlook: 2012-13

As evidenced by export performance figures of The Gems & Jewellery Export Promotion Council (GJEPC) for the year 2011-12, the Indian gems & jewellery industry witnessed a decline in export performance. The export of Gems & Jewellery during the year demonstrated a decline of 2% over the previous year and stood at US\$ 40.97 billion.



The export of cut & polished diamond aggregated to US\$23.32 billion, declining by 17.32% over the previous year, signifying weakening of demand in key markets of USA, Middle East, South East Asia and Europe. The decline in sales is likely to be arrested in H2-2012 however, the rise to pre-crisis levels is expected only towards the end of the financial year.

OPERATIONAL PERFORMANCE:

With continued emphasis on leveraging the Company's strengths in designing and producing quality products, strong commitments to consumer satisfaction and its global market presence, the management was able to participate in the buoyant markets and registered strong operating performance during the year. Your Company was well positioned to benefit from its focus on serving the entire value chain in its business segments. This reflected in a 28.25 % increase in the consolidated sales revenue during the financial year 2011-12, to Rs. 31,505.85 million from Rs. 24,565.15 million. The focus on top-line growth, coupled with continued initiatives to leverage operating efficiencies and controlling costs, resulted in a 28.27% increase in EBIDTA, from Rs. 1,645.81 million in financial year 2010-11 to Rs. 2,111.05 million on a consolidated basis.

During the period, sales revenue on stand-alone basis increased from Rs. 15,542.10 million to Rs. 20,241.65 million. EBIDTA for the period rose to Rs. 1,399.43 million from Rs. 1,159.32 million.

With the stated objectives of being present and leveraging opportunities across the entire value chain, the expansion of domestic retail business continued during the year. Your Company's retail brand "Diti", continued to expand, with 180 points of sale pan-India currently. The management plans to increase this presence to 225 stores by financial year 2012-13. International branded jewellery collections of Shrenuj were well received and also contributed to the positive operating margins.

Compliance with the Best Practices in the industry

Your Company remains committed to adhering to and adapting to global best practices, statutory as well as voluntary. As a DTC Supplier of Choice, your Company follows the Best Practices Principles (BPP) Guidelines of De Beers and Forevermark, including but not limited to periodic third party audit of our systems and procedures by internationally accredited independent agencies. It also follows the World Diamond Council's System of Warranties for polished diamonds and studded jewellery.

Your Company does not buy diamonds from any sources involved in conflict, terrorism and illicit trade activity. The diamond procurement is always from verifiable sources, not engaged in money laundering activity. The Company follows the Kimberly Process Certification norms in this regard, for all its imports and exports of diamonds. The Company also undertakes scheduled internal audits to track its products through the operating value chain.

Your Company has build a team of qualified professionals to ensure complete compliance with statutory norms and adoption of international best practices. Also, systems and procedures have been developed and installed to ensure the same.

Commitment

Your Company continues to remain an equal opportunity employer and does not discriminate between employees on the basis of caste, religion, sex, color or creed, and ensures the health and welfare of all its employees by providing a safe and healthy working environment. We recognize that human capital is vital to our long term business sustainability and accordingly, have adopted employee selection and performance appraisal criteria based on objectivity and merit.

FINANCIAL PERFORMANCE:

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein.

The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of the transactions, and reasonably present the Company's state of affairs, profits and cash flows.

Standalone Results

The strong performance of your Company during the year reflected the strong management bandwidth, evolving and sustainable business strategy and ability to respond the evolving market dynamics. The stand-alone total revenue increased from Rs. 15,551.07 million in financial year 2010-11 to 20,250.27 million in financial year 2011-12, a growth of 30.2%. In line with the topline growth, net profit after tax registered a growth of 12.6%.

Outlook, Opportunities and Threats

Outlook

While the global recovery is not yet subject to great uncertainties, our outlook for consumer demand remains positive, on the back of strong retail presence and demand growth, especially in emerging economies.

With various government efforts and incentives coupled with private sector initiatives, we expect Indian gems and jewellery sector to grow at a CAGR of around 8% during 2012 -13. While increasing gold prices and rising inflation could be factors to watch, consumer demand is expected to continue its upward momentum.

Opportunities

The trends in increasing demand in Middle East and CIS region during last year signifies the growth opportunities for our business. While the traditional major markets of USA continue to show a stable growth, emerging economies such as India is seeing a strong demand for luxury and lifestyle products, in line with growing aspirations of people. The mature markets present an opportunity to obtain better margins through value addition in products quality, design innovation and increasing consumer engagement at retail as well as trade levels. The bigger opportunity in high growth emerging economies of Asia would be to create new markets, strengthen distribution channels and operate across the value chain. For example, in India, the domestic brands and retail expansion will provide not only effective diversification, but also help to grow and realize margins and create sustained visibility and thereby recalling a clear competitive advantage through a strong brand.

Threats

The global as well the Indian economy has been increasingly subjected to disruptions and shocks in recent times, adding to the volatility in which the business operates. Your Company continues to be subject to various risks in the economic environment, including but not limited to product, marketing, competition, economic downturns, financial risks, consumer demand etc.

We have put in place adequate mechanisms to manage these risks across the various business segments and geographies in which we operate. We have policies and processes to hedge our purchase of precious metals, the foreign currency exposures, and the sources of supply of rough diamonds. Our presence across various geographies and in business segments also helps us contain the risk of weakening demand in a single market or segment.

During the year, the global economy showed signs of resilience, with the US economy showing improved liquidity and consumer demand. However, we expect the US rates to remain low throughout the current financial year. Some of the countries in the Euro region are still facing sovereign and structural problems and more particularly Greece, Spain, Portugal and Italy. Thus, sovereign risk has become an added component of global volatility. With commodity markets overheating and overbearing debt concerns in Europe, we expect volatility in foreign exchange markets to remain high, with unpredictable future trend. While the increased FII inflows in earlier part of the year helped rupee to



strengthen, the widening current account deficit, increasing high inflation and uncertain global conditions, we expect Indian currency to perform under pressure. Your Company actively manages its exposure to foreign currency and global markets in a balanced manner, and continuously monitors and manages its exposures.

Rising inflation, with consequent sharp increase in input costs and higher interest rates are expected to have an adverse impact on business activity and on consumer demand as well. Despite the recent efforts of Reserve Bank of India to control inflation, it remains a key concern and would have a significant impact on the business scenario.

Our efforts in developing our branded jewellery and retail products also help us diversify our business exposures and strengthen the long-term sustainability of our business. While rising inflation, increasing prices and higher costs of commodities including precious metals are generally a negative for consumer demand and discretionary spending, it is expected that the domestic demand for our products would continue to grow in the medium term.

Internal Controls and their adequacy

Your Company has in place adequate systems and processes to safeguard and protect its data and knowledge resources. The systems are updated and monitored on a continuous basis so as to ensure complete alignment with evolving technological requirements. The Company has a well-documented data security policy with pre-defined levels of access authorizations. To ensure safety and security of its strategic locations, the Company employs a comprehensive system of electronic surveillance and physical controls.

The products manufactured and dealt in by the Company, as well as major production inputs are high value in nature. To ensure physical security of such products, the Company has multi-tier security and tracking mechanisms. Regular internal audit is conducted to ensure that all systems and procedures are in place and are followed regularly. Your Company maintains adequate insurance against unforeseeable risks, given the nature of its products.

Human Resource

We, at Shrenuj and Company Limited aim at making it a better place to work by providing an atmosphere of trusteeship, competition and challenge, thereby providing opportunities for personal and professional growth, through ample career enhancement and training opportunities. We believe in harnessing and honing the individual core competencies thereby aligning them to our business goals. We strongly practice the policy of empowering and nurturing the best of the talent.

We have adopted lean management technique in regards to the working of our Seepz Jewellery Factories, for continuous improvement in functional goals which are ultimately aligned with the organization vision. By way of implementing lean management it has helped to enhance the sense of ownership amongst the employees and make them understand the importance of eliminating wasteful activities in their day to day working thereby increasing productivity of employees.

During the year 2011-12, Industrial Relations were cordinal and harmonious.





AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
SHRENUJ & COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by **SHRENUJ & COMPANY LIMITED** for the year ended March 31st, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, 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 as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **RAJENDRA & CO.**
Chartered Accountants
(Firm Registration No. 108355W)

Akshay R. SHAH
Partner
Membership No: 103316

Mumbai
Dated: 28th May, 2012



REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given below:

I. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Corporate integrity and commitment to responsible and ethical business practices are central to the Company's business. The Company combines clear and transparent reporting processes with strong corporate governance. Over time, the Company has developed an outstanding reputation for integrity within the industry. Shrenuj heritage provides a platform for growth, allowing the Company to tackle new challenges and opportunities with experience and insight. The Company's loyal and growing customer base bears testament to this, each relationship built on creating mutual value.

The Company's policies and practices are not only consistent with the statutory requirements but also underline its commitment to operate in the best interest of the stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a global company, while upholding the core values of transparency, integrity, honesty and accountability. The Company believes that sustained business growth can be attributed to the philosophy that recognizes the need to observe the highest ethical and business standards and share the success with all stakeholders.

DIAMOND BEST PRACTICE PRINCIPLES:

The Company is committed to upholding and promoting the highest standards of ethical conduct in the industry, including the Diamond Trading Company's Best Practice Principles. As a recognised global leader and a sightholder, the Company takes its role in securing the reputation of the industry very seriously, and encourages its business partners to do the same.

The Company guarantees that all of diamonds manufactured are entirely natural, untreated products, and their characteristics are represented accurately both to trade customers and consumers.

The Company provides the highest standards of working conditions, and place great importance on ensuring the health, safety and comfort of its workers. Throughout its business the Company endeavours to minimise the environmental impact of its operations. The Company has transparent and fully auditable business processes and reporting practices.

KIMBERLEY PROCESS COMPLIANCE:

Every single diamond the Company sells comes with the guarantee that it is 100% 'conflict free'.

The Company is one of the active supporters and promoters of the Kimberley Process, the industry-wide initiative to wipe out the trade of diamonds to fund conflict in war-torn regions. Every diamond transaction the Company does is in the strictest accordance with the Kimberley Process Certification Scheme. Diamonds are all purchased from verified sources that have no involvement with conflict, terrorism or illicit trade activity, including money laundering.

CODE OF CONDUCT:

The Board has laid down a Code of Conduct for all Directors and senior management personnel of the Company, which is also available on the website of the Company at www.shrenuj.com. A declaration signed by Chairman & Managing Director affirming compliance with the Code of Conduct by the Board members and senior management is appended as Annexure - 1.

II. BOARD OF DIRECTORS

Composition of Board

The Board of Directors of the Company consists of nine Directors having varied experience in different areas. Some of them are acknowledged as leading professionals in their respective fields. The composition of the Board is in conformity with the provisions of Clause 49 of the Listing Agreement. Shri Shreyas K. Doshi who is the Chairman & Managing Director of the Company heads the Board. The Board consists of three Executive Directors and six Independent Non-Executive Directors.

Shri Festus Mogae, former President of Botswana joined the Board as an Independent Director of the Company w.e.f. 28th May, 2012.

None of the Directors on the Board are members of more than ten committees or Chairman of more than five committees across all the public limited companies in which they are Directors. Necessary disclosures regarding committee positions in other public companies as on March 31, 2012 have been made by all the Directors.

The details relating to composition and category of Directors, directorships held by them in other companies and their membership and chairmanship on various committees of Board of other companies as on March 31, 2012 is as follows:

Name of Director	Category	Attendance at meetings held during 2011-12		Directorship and Chairman/Membership of Board Committees in other Public Limited Indian Companies		
		Board Meeting	Last AGM	Director	Committee Member	Committee Chairman
Shri Shreyas K. Doshi	Chairman & Managing Director	4	Yes	3	-	-
Dr. B. R. Barwale	Non-Executive Director (I)	3	Yes	6	-	1
Dr. Surendra A. Dave	Non-Executive Director (I)	4	Yes	8	4	3
Shri Keki M. Mistry	Non-Executive Director (I)	4	Yes	13	6	3
Shri Minoo R. Shroff	Non-Executive Director (I)	4	Yes	2	-	-
Shri Suresh N. Talwar	Non-Executive Director (I)	4	Yes	13	6	4
Shri S. S. Thakur	Non-Executive Director (I)	4	Yes	9	5	3
Shri Nihar N. Parikh	Executive Director	2	Yes	4	-	-
Shri Vishal S. Doshi	Group Executive Director	4	Yes	4	-	-

Notes:

1. Private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956 are excluded for the above purpose.
2. Membership of only Audit Committee and Shareholders/Investors Grievance Committee is included.



- **Board Meetings:**

During the year 2011-12, the Board met four times and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

Serial No.	Dates of the Board Meetings held	No. of Directors present
1.	28 th May, 2011	7
2.	10 th August, 2011	9
3.	10 th November, 2011	8
4.	13 th February, 2012	9

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Chairman & Managing Director and other senior management personnel and circulates the same in advance to all the Directors. Where it is not feasible to send the relevant information as a part of the agenda papers, the same is tabled at the meeting.

Generally, Board meetings are held within 45 days from the end of the quarter in a manner that it coincides with the announcement of quarterly results. Additional meetings (if any) are convened to address specific needs of the Company. In case of business exigencies some resolutions are also passed by circulation.

- **Information made available to the Board:**

The meetings of the Board are generally held in Mumbai. Presentation is made on business operations to the Board by Chief Financial Officer of the Company. Alongwith the agenda papers a statement of information i.e. Annexure 1A is circulated to the Board for its consideration as required under clause 49(C)(i) of the Listing Agreement.

- **Post meeting follow-up mechanism:**

Important decisions taken at the Board/Committee meetings are promptly communicated to the concerned departments /divisions. Action taken report on decisions / minutes of previous meetings is placed at the succeeding meetings of the Board for noting.

- **Details of Directors seeking re-appointment as required under clause 49 IV (G) of the Listing Agreement entered into with Stock Exchange(s):**

Dr. B. R. Barwale

Dr. Badrinarayan R. Barwale (80) is the Chairman of Maharashtra Hybrid Seeds Company Limited. He is a winner of World Food Prize, which is comparable to Nobel Prize in agriculture. He has also received “Padma Bhushan” and “Freedom Fighter” award from the President of India and “Annasaheb Chirmule” award for his outstanding contribution to the Indian Agriculture. Business Week recognized Dr. Barwale as “The Star of Asia” in 1999. Dr. B. R. Barwale is on the Boards of several reputed companies. He is dedicated in the field of education, Indian agriculture, particularly the seed industry and the eye care in a big way.

Shri Suresh N. Talwar

Shri Suresh N. Talwar (74) is an eminent solicitor and advocate. Currently he is a partner of M/s Talwar Thakore & Associates. He retired as a Senior Partner of M/s. Crawford Bayley & Co. w.e.f. 1st April, 2006. He is a legal counsel to numerous Indian companies, multinational corporations and Indian and foreign banks.

He specializes in corporate law, corporate tax and foreign exchange laws. He is on the Board of many leading companies such as Larsen & Toubro Limited, Blue Star Limited, Merck Limited, Biocon Limited, Birla Sun Life Insurance Company Limited, Greaves Cotton Ltd., etc.

Shri Shreyas K. Doshi

Shri Shreyas K. Doshi (61) is the Chairman & Managing Director of the Company. He has been with the organization for more than 40 years. He is one of the most dynamic executives who have transformed the Indian Diamond Industry and was the youngest Chairman of the Gem & Jewellery Council at the age of 31. He and his father Shri Kirtilal K. Doshi, Chairman Emeritus of the Company were the first to introduce the laser technology in diamond cutting in India. The factory was set up in 1987, and was the first laser factory in Asia. Shri Shreyas K. Doshi was conferred with Lifetime Achievement Award by the International Colorstone Association in 2003 and he is the Honorary Consul for Finland in Mumbai. He is also on the Board of Amritlal Chemaux (P) Ltd., The Council of EU Chambers of Commerce in India, WJC School of Business and a member of Indian Merchants Chambers' Managing Committee for more than a decade. He is also a Trustee of Saurashtra Trust.

Shri Vishal S. Doshi

Shri Vishal S. Doshi (33), Group Executive Director is a member of Board since 2007. He has been instrumental in the launch of number of successful diamond jewellery brands in India such as Arisia, Sveni and Bhavya and overseas such as Joliesse. At a very young age he has earned remarkable respect for himself within the diamond and jewellery business. He is the Honorary Consul for Botswana in Mumbai. He travels extensively in quest of latest technology and designs. He has developed excellent business relations abroad.

Shri Festus G. Mogae

Shri Festus G. Mogae (73), former President of Republic of Botswana is a noted political and economic thinker. Shri Mogae studied economics in the United Kingdom, first at University College, Oxford, and then at the University of Sussex. He returned to Botswana to work as a civil servant before taking up posts with the International Monetary Fund and the Bank of Botswana. He was Vice-President of Botswana from 1992 to 1998. He rose to the post of President in 1998 and served two full terms of presidency, maximum allowed by the constitution of Botswana, till 2008.

Shri Mogae was awarded Grand Cross of the Légion d'honneur by French President Nicolas Sarkozy on 20th March 2008 for his "exemplary leadership" in making Botswana a "model" of democracy and good governance. He has won the 2008 Ibrahim Prize for Achievement in African Leadership, and will receive US\$ 5 million over 10 years and US\$ 200,000 annually for life thereafter. At London's City Hall on 20th October 2008, former United Nations Secretary-General Kofi Annan stated: "President Mogae's outstanding leadership has ensured Botswana's continued stability and prosperity..."

Shri Mogae currently serves as Special Envoy of the United Nations Secretary-General on Climate Change. In 2010, he has also joined the Advisory Board of U.S. Nonprofit Teach AIDS.

III. COMMITTEES OF THE BOARD:

In Compliance with both the mandatory and non-mandatory requirements under the Listing Agreement, and the applicable laws, the Board of Directors of your Company constituted the following Committees way back in 2001.

- A) Audit Committee, B) Remuneration/ Compensation Committee, and C) Shareholders' / Investors' Grievance Committee. The Chairman of the Board in consultation with the Company Secretary and the Chairman of these Committees determines the frequency of the Committee meetings. The minutes of the Committee meetings are submitted to the Board for perusal.



A. Audit Committee:

- **Composition of the Audit Committee:**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) read with Section 292A of the Companies Act, 1956. The Audit Committee comprises of four members, all of whom are Non-executive Independent Directors and are expert specialized in accounting/ financial management. The Chairman of the Audit Committee, Shri S. S. Thakur has sound financial knowledge as well as long professional career in the field of banking and foreign exchange. Shri S. S. Thakur, Chairman of the Audit Committee was present at the previous Annual General Meeting.

The Chairman & Managing Director, Group Executive Director, Chief Financial Officer, Statutory Auditors, Internal Auditors are permanent invitees to the Audit Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee.

- **Meetings:**

Four Audit Committee meetings were held during the year, i.e. on May 28, 2011, August 10, 2011, November 10, 2011 and February 13, 2012. The time gap between two meetings did not exceed four months. Necessary quorum was present at all meetings. The attendance of Members at the meetings was as follows:

Name of the Member	Position	Number of meetings Attended
Shri S. S. Thakur	Chairman	4
Dr. Surendra A. Dave	Member	4
Shri Keki M. Mistry	Member	4
Shri Minoo R. Shroff	Member	4

- **Terms of Reference**

The powers and terms of reference of the Audit Committee are as mentioned in the Clause 49 II (C), (D) & (E) of the Listing Agreement and Section 292A of the Companies Act, 1956.

B. Remuneration/ Compensation Committee:

- **Composition of Remuneration/Compensation Committee and attendance during the year**

The Remuneration/Compensation Committee comprises of three Directors, all of whom are Independent Directors. The Company Secretary acts as the secretary to the Committee. During the Financial year 2011-12, the Committee met three times i.e. on 21st April 2011, 4th October 2011 and 29th February 2012. The composition and attendance of members at the meetings of the Remuneration/Compensation Committee are as follows:

Name of the Member	Position	Number of meetings Attended
Shri Minoo R. Shroff	Chairman	3
Dr. Badrinarayan. R. Barwale	Member	3
Shri S. S. Thakur	Member	3

- **Terms of Reference**

- To review the overall compensation policy, service agreement and other employment conditions of Whole time/ Executive Directors.
- To monitor implementation of Employee Stock Option Scheme
- To deal with other matters as the Board may refer to the Committee from time to time.

- **Remuneration Policy**

The remuneration of the Board members is based on the Company's size and global presence, its economic and financial position, industrial trends, compensation paid by the peer companies etc. Compensation reflects the Board members responsibility and performance.

- **Remuneration of Whole-time/ Executive Directors**

The Company pays remuneration to Executive Directors by way of salary, retirement benefits, perquisites, allowances (fixed component) and commission (variable component) based on the recommendation of the Remuneration/ Compensation Committee and approval of the Board of Directors and shareholders. The commission is calculated with reference to net profits of the Company in the financial year subject to overall ceilings stipulated under Sections 198 and 309 of the Companies Act, 1956.

- **Remuneration of Non-Executive Directors:**

Non-Executive Directors are paid remuneration by way of commission and sitting fees. The Company pays sitting fee of Rs.15,000/- per meeting of the Committee and the Board to the Non-Executive Directors for attending the meetings. The commission is paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956).

- **Remuneration of Directors for the financial year 2011-12**

Name of the Directors	Directors' Position	Salary & perquisites (Rupees)	Commission for FY 2010-11 (Rupees)	Sitting fees (Rupees)	Total (Rupees)
Shri S. K. Doshi	Chairman & M.D.	14,338,666	4,417,250	N. A.	18,755,916
Dr. B.R. Barwale	Independent Director	-	300,000	105,000	405,000
Dr. S. A. Dave	Independent Director	-	300,000	120,000	420,000
Shri K. M. Mistry	Independent Director	-	300,000	120,000	420,000
Shri M. R. Shroff	Independent Director	-	300,000	165,000	465,000
Shri S. N. Talwar	Independent Director	-	300,000	60,000	360,000
Shri S. S. Thakur	Independent Director	-	300,000	180,000	480,000
Shri N. N. Parikh	Executive Director	6,776,000	2,208,750	N. A.	8,984,750
Shri V. S. Doshi	Group Executive Director	8,128,666	2,209,000	N.A.	10,337,666
Total		29,243,332	10,635,000	750,000	40,628,332



C. Shareholders/Investors' Grievance Committee:

- **Composition of the Committee**

The Company has constituted a Shareholders/Investors Grievance Committee of Directors to look into and resolve the complaints of investors relating to transfer, transmission or dematerialisation of shares, non-receipt of dividend/notices/annual reports and other related issues.

The Committee comprises of three members, two of whom are Independent Directors and one executive director

The existing composition of the Committee is given below:

Name	Position	Category
Dr. Badrinarayan R. Barwale	Chairman	Non-Executive Independent Director
Shri S. S. Thakur	Member	Non-Executive Independent Director
Shri Nihar N. Parikh	Member	Executive Director

- **Terms of Reference:**

- Review the existing "Investor Redressal System" and suggest measures for improvement.
- Review the reports received from Registrar and Share Transfer Agent (RTA) on investors' grievances under clause 47(a) of the Listing agreement and take necessary redressal action.
- Suggest improvements in investor relations and to fix responsibilities of the compliance officer.
- Consider and take on record the certificate received from a Practicing Company Secretary under clause 47(c) of the Listing Agreement.
- Propose to the Board of Directors, appointment / re-appointment of RTA, including the terms and conditions, professional service charges/fees to be paid to the said agency.
- Decide the frequency of audit of RTA and consider reconciliation of share capital and the Audit Report thereon.
- To look into and redress Shareholders' / Investors' grievances and complaints received from the members and look into any such matters that may be considered necessary in relation to shareholders and investors of the Company.

- **Meeting and attendance during the year**

The Investors Grievance Committee met on February 29, 2012 wherein pending legal cases were reviewed and status reports received from the Registrar and Share Transfer Agents were discussed and noted. The Committee also took on record a statement of details of complaints received, cleared and pending. During the year 2011-12, the Company received a decree from the City Civil Court of Ahmedabad, dated 29th December, 2011 resolving the case of Manorama Madhukar Munshaw which was pending since March, 2000.

- **Compliance Officer**

Shri Sanjay M. Abhyankar, Company Secretary is designated as the Compliance Officer for complying with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing Agreement with the Stock Exchanges in India.

- **Delegation of Powers for Approval of Share Transfers**

The Board has delegated powers to approve share transfers, transmission, splitting and consolidation of share certificates, demat of shares and issue of duplicate shares, to Shri Vishal S. Doshi, Group Executive Director and/or Shri Ashir S. Doshi, Vice President - Company Affairs of the Company and to simplify and expedite the share transfer formalities.

- **Details of Investor Complaints**

Details of the complaints received, cleared and pending during the Financial Year 2011-12 are given below:

Nature of Complaints	Received	Cleared	Pending
Non-receipt of share certificates duly transferred/ demat of shares/issue of duplicate shares etc.	63	63	Nil
Non-receipt of dividend warrants, Annual Report and revalidation of dividend warrants etc.	18	18	Nil
Letter(s) from SEBI	4	4	Nil
Letter(s) from Stock Exchanges	Nil	Nil	Nil
Letter(s) from Registrar of Companies	1	1	Nil
Total	86	86	Nil

During the year, the Company resolved investors' complaints expeditiously except for the cases constrained by disputes or legal impediments. Number of complaints received during the year as a percentage of total number of members is 0.78%.

IV. SUBSIDIARY COMPANIES:

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. No subsidiary or step down subsidiary meets the above referred to criteria of "material non-listed Indian subsidiary" and hence clause 49E(III)(i) of the Listing Agreement is not applicable to any of the subsidiaries.

Minutes of the Board meetings of the unlisted subsidiary companies are placed before the Company's Board meeting regularly.

A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is also placed before the Company's Board.

V. INFORMATION ON GENERAL BODY MEETINGS

- **Details of Annual /Extra Ordinary General meetings:**

The last three Annual General Meetings (AGMs) of the Company were held as under:

Financial Year	AGM No.	Location	Day and Date	Time	No. of Special Resolutions approved at the AGM
2010-11	29 th	Walchand Hirachand Hall, Lalji Naranji Memorial,	Wednesday, 10 th August, 2011	11.00 a.m.	–
2009-10	28 th	Indian Merchants' Chamber Building,	Friday, 13 th August, 2010	11.30 a.m.	1
2008-09	27 th	IMC Marg, Churchgate, Mumbai - 400 020.	Tuesday, 8 th Sept., 2009	11.30 a.m.	1

No Extra Ordinary General Meeting was held during the year.



- **Special resolutions passed at the last three AGMs**

The Members passed the following special resolutions during the last three Annual General Meetings.

Sr. No.	Date of AGM	Special Resolution
1.	13-08-2010 (28 th AGM)	<ul style="list-style-type: none">• Re-pricing of first tranche of options granted under Employee Stock Option Scheme - 2006
2.	08-09-2009 (27 th AGM)	<ul style="list-style-type: none">• Keeping of Register of Members, Index of Members and copies of Annual Returns at any other place in the city in which the Registered Office of the Company is situated.

- **Postal Ballot**

During the previous year under review, no postal ballots were used/ invited for voting or passing of any ordinary or special resolution.

VI. DISCLOSURES:

- **Disclosure on materially significant related party transactions**

Statements/disclosures of all related party transactions are placed before the Audit Committee, on quarterly basis in terms of Clause 49(IV)(A) and other applicable laws for approval. The said statements are verified by the Internal Auditors before circulating to the Audit Committee. There were no material transactions with related parties or others which were not on arm's length basis.

The Company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on consideration of various business exigencies such as synergy in operations, industry specialization, liquidity and capital resource of subsidiaries and associates.

The Company has received an approval under the proviso to sub Section (1) of Section 297 of the Companies Act, 1956 on 30th March, 2012 for entering into contract with Kiara Jewellery Private Limited, a group company for the period of three years with effect from 1st April, 2012 for an estimated total value of Rs.46 Crores.

There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. The related party transactions have been disclosed in the notes forming part of the Annual Accounts.

- **Compliance**

There have been no instances of non-compliances by the Company and no penalties and/or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

- **Management Discussion and Analysis**

Management Discussion and Analysis Report is given in a separate section forming part of the Directors' Report as Annexure II.

- **Risk Management Mechanism**

The Company has in place the mechanism to inform Board Members about the risk assessment and minimisation procedures and periodical review to ensure that executive management controls the risks by means of a properly defined framework. The Company has adopted a revised risk management policy on 13th February, 2012 as directed by Reserve Bank of India and the Board has approved the same. The current policy includes hedging of currencies and interest rates.

- **Chief Executive Officer (CEO) / Chief Financial Officer (CFO) Certification**

A certificate from Chairman and Managing Director of the Company on financial statements and other matters for the financial year ended March 31, 2012 was placed before the Board and the same is provided as Annexure - 2 to this report.

- **Secretarial Audit for Capital Reconciliation**

As stipulated by SEBI, a Secretarial Audit is carried out by an Independent Practicing Company Secretary on quarterly basis to confirm reconciliation of the issued and listed capital, shares held in dematerialized and physical mode and status of the register of members.

- **Auditor's Certificate on Corporate Governance**

As required by clause 49 of the Listing Agreement, the auditor's certificate on corporate governance is given as an annexure to the Directors' Report.

- **Details of unclaimed shares in terms of Clause 5A of the Listing Agreement**

In terms of Clause 5A of the Listing Agreement, the Company shall credit the shares allotted pursuant to the Initial Public Offering (IPO) of the Company in the year 1989 and right issue in 1994, and subsequent sub-division of shares in the year 2005 which are unclaimed and are lying in the custody of the Company in a demat suspense account. The Company has dispatched final reminder on 6th February, 2012 to the concerned shareholders to claim the shares before transferring such shares to an escrow account.

VII. MEANS OF COMMUNICATION:

- **Communication to Shareholders**

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which includes, The Economic Times, Mint, DNA (Daily News & Analysis) (leading national English newspapers) and Maharashtra Times a local Marathi newspaper.

The results are also displayed on the Company's website www.shrenuj.com and also emailed to the Members who have provided their email id to the Company. The Company files the requisite information on www.corpfilng.co.in, a website which has been developed and is being maintained by IRIS Business Services (India) Pvt. Ltd. and is the common filing and dissemination portal for all companies listed on the BSE and the NSE. The Company's corporate website consists of Investors Section which provides comprehensive information to the shareholders. The Annual Report of the Company is dispatched to all the shareholders of the Company and also made available on the Company's website.

ANNEXURE V

VIII. GENERAL SHAREHOLDERS' INFORMATION:

1.	Date, Time and Venue of Annual General Meeting	Tuesday, 14 th August, 2012 - 11.00 a.m. Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants' Chamber Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020.
2.	Financial Year and Financial Calendar (tentative and subject to change)	i) Financial Year - April - March ii) First Quarter Results - by 14 th August, 2012 iii) Half Yearly Results - by 14 th Nov., 2012 iv) Third Quarter Results - by 14 th Feb., 2013 v) Fourth Quarter and year ending Results - by 30 th May, 2013 vi) Annual General Meeting - August, 2013



3.	Dates of Book Closure	9 th August, 2012 to 14 th August, 2012 (Both days inclusive)
4.	Dividend Payment Date	21 st August, 2012
5.	Listing on Stock Exchanges at	Bombay Stock Exchange Limited (BSE) (Exchange Code - 523236) National Stock Exchange of India Limited (NSE) (Exchange Code - SHRENUJ)
6.	Listing fees for 2012-13	The Company has paid the listing fees for the financial year 2012-13 to the aforesaid Stock Exchanges.
7.	ISIN Number for NSDL and CDSL	INE633A01028 The annual custodian fees for the financial year 2012-13 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
8.	Corporate Identity Number (CIN)	CIN, allotted by the Ministry of Corporate Affairs, Government of India is L99999MH1982PLC026903, and Company Registration Number is 11 - 26903. The Company is registered at Mumbai in the State of Maharashtra, India.
9.	Registrar and Transfer Agents	Sharepro Services (I) Private Limited 13 AB, Samhita Warehousing Complex, 2 nd Floor, Near Sakinaka Telephone Exchange, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072. Tel. No.022-67720300 Fax No. 022-28591568 Email : shrenuj@shareproservices.com Website : www.shareproservices.com Business Hours : Monday to Friday (10 a.m. to 4.30 p.m.) Contact Person: Ms. Anuradha Bekal
	Extension Counter of Sharepro: Sharepro Services (I) Pvt. Ltd. 912, Raheja Center, Free Press Journal Road, Nariman Point, Mumbai - 400 021.	Contact Person : Mr. Joseph Tel. No. : 022-66134701 Fax No : 022-22825484

10. Stock Market Data: Annexure A enclosed.

11. Share Transfer System:

96.70% of the equity shares of the Company are in electronic form as on 31st March, 2012. The share transfer activities under physical mode are carried out by the RTA. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time. Physical shares received for dematerialisation are processed within 21 days from the date of receipt. Bad deliveries are promptly returned to the Depository Participants (DP's) under advice to the shareholders.

As required under Clause 47(C) of the Listing Agreement, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from a Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

Details of shares transferred in physical /demat form:

Period (From 1 st April, 2011 to 31 st March, 2012)	No. of Requests/ Trades	No. of Shares Transferred
Shares transferred in Physical Form	25	19,795
Shares transferred in Demat Form at BSE and NSE	1,17,819	2,26,88,262
Total	1,17,844	2,27,08,057

Liquidity: The Company's shares are actively traded on BSE and NSE. The average daily number of shares traded and the average daily price per share and average daily value of shares traded on BSE and NSE during the Financial Year 2011-12 are given below:

	BSE	NSE
Average daily number of shares traded	52,146	38,972
Average daily price per share (in Rs.)	59.34	62.40
Average daily value of shares traded (Rs. in Lacs)	30.94	24.32
Average Shares per Trade (Number of Shares)	251	147

12. **ECS Mandate:** Members are requested to update their bank account details with their respective depository participants for shares held in the electronic form or write to the Company's Registrar and Share Transfer Agent, M/s. Sharepro Services (I) Private Limited for shares held in the physical form.
13. **Distribution of Shareholdings and Shareholding Pattern as on 31st March, 2012:** Annexure - B is attached.
14. **Dematerialization of shares and liquidity:** As on 31st March, 2012 out of total holding of 7,64,09,595 equity shares, 7,38,90,174 equity shares representing 96.70% of the paid up capital of the Company are in dematerialised form and balance 25,19,421 equity shares representing 3.30% are in physical form. (Annexure - C enclosed).
15. **Nomination Facility:** Pursuant to the provisions of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nominations in respect of Shares held by them. Shareholders holding shares in physical form and desirous of making nominations are requested to send their requests to the Company's RTA. Shareholders holding shares in electronic form (demat form) are requested to give the nomination request to their respective Depository Participants directly.
16. **Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:** The Company has not issued any GDRs/ ADRs/ warrants. There were no outstanding convertible warrants as on March 31, 2012.
17. **Plant Locations:** The Company's factories are located at Opera House, Tardeo, Mahalaxmi, MIDC and Seepz, Andheri (Mumbai).
18. **Address for correspondence:**

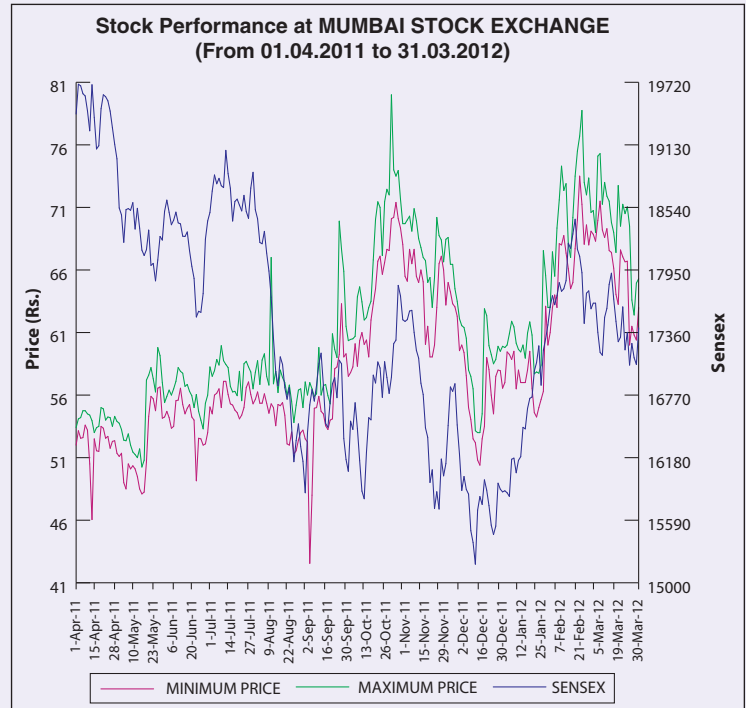
Shareholders can address their correspondence to the registered office situated at 405, Dharam Palace, 100-103, N.S. Patkar Marg, Mumbai - 400 007 or to the Corporate Secretarial Department, situated at 4/12, Sona Udyog Industrial Estate, Parsi Panchayat Road, Andheri (E), Mumbai - 400 069. (E-mail id - investor@shrenuj.com, Tel. Nos. 022-28389091 or 022-65242257).



STOCK MARKET DATA FOR FY 2011-12

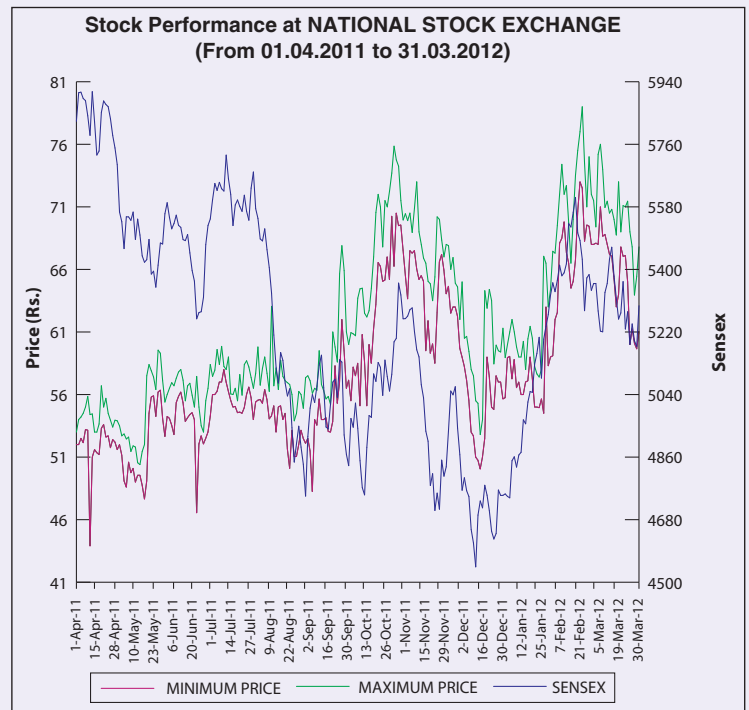
BOMBAY STOCK EXCHANGE (BSE)

Period	Lowest Price in ₹	Highest Price in ₹	Total Number of shares traded
April, 2011	46.05	55.00	1,481,078
May, 2011	48.10	59.80	995,056
June, 2011	49.15	58.25	1,023,743
July, 2011	54.10	59.95	840,751
August, 2011	42.55	67.00	1,167,100
September, 2011	48.00	69.90	1,404,331
October, 2011	59.05	80.00	1,113,211
November, 2011	59.05	70.90	565,606
December, 2011	50.40	68.60	405,366
January, 2012	54.25	67.55	377,790
February, 2012	60.00	78.75	1,110,731
March, 2012	60.00	75.30	2,499,524
Sub Total (A)			12,984,287



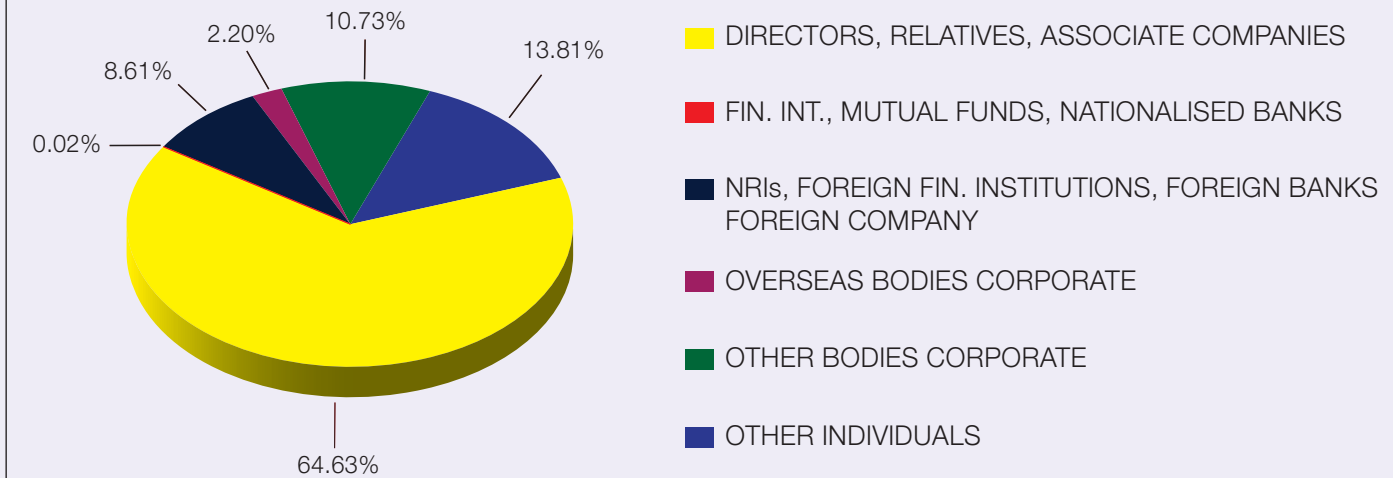
NATIONAL STOCK EXCHANGE (NSE)

Period	Lowest Price in ₹	Highest Price in ₹	Total Number of shares traded
April, 2011	43.90	56.70	465,359
May, 2011	47.65	59.55	834,149
June, 2011	46.55	58.40	797,171
July, 2011	54.00	59.85	530,970
August, 2011	50.10	63.05	1,043,777
September, 2011	48.25	67.90	973,502
October, 2011	55.10	75.85	891,307
November, 2011	58.50	73.00	1,022,486
December, 2011	50.05	67.90	90,042
January, 2012	54.50	67.05	299,993
February, 2012	58.30	79.00	1,082,657
March, 2012	59.65	76.00	1,672,562
Sub Total (B)			9,703,975
TOTAL VOLUME AT BSE & NSE (A + B)			22,688,262



ANNEXURE - B

Equity Shareholding Pattern as on 31st March, 2012

Equity Shareholding Pattern as on 31st March, 2012

Directors, Relatives, Associate Companies	49383414	64.63
Financial Institutions, Mutual Funds, Nationalised Banks	16675	0.02
Non Resident Individuals, Foreign Financial Institutions, Foreign Banks	6581573	8.61
Overseas Bodies Corporate	1682706	2.20
Other Bodies Corporate	8195940	10.73
Other Individuals	10549287	13.81
TOTAL...	76409595	100.00

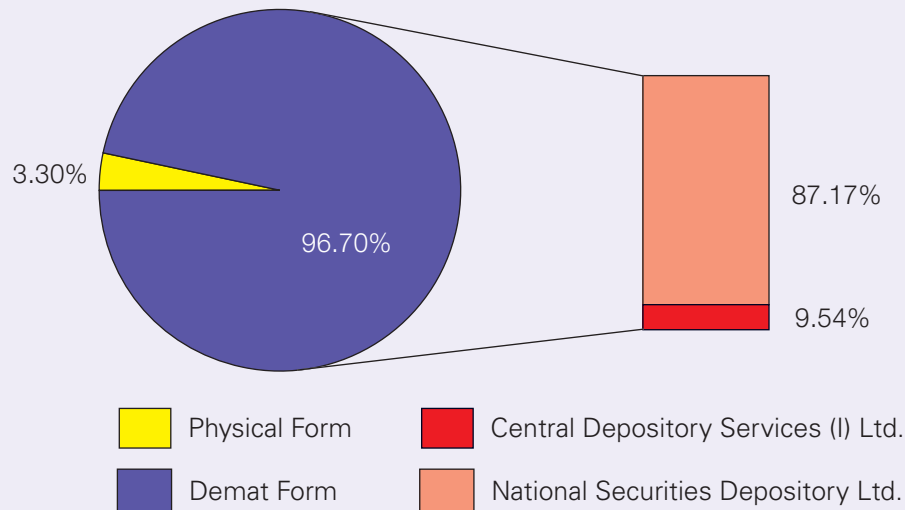
Distribution of Shareholdings as on 31st March, 2012

Shareholding of Nominal Value in Rupees	No. of Folios	%	Share Amount	%
Upto 5000	10729	97.71	12831076	8.40
5,001 to 10,000	98	0.89	1478350	0.97
10,001 to 20,000	54	0.49	1604514	1.05
20,001 to 30,000	26	0.24	1263254	0.83
30,001 to 40,000	7	0.06	462456	0.30
40,001 to 50,000	9	0.08	827142	0.54
50,001 to 1,00,000	19	0.17	2787028	1.82
Above 1,00,001	39	0.36	131565370	86.09
GRAND TOTAL	10981	100.00	152819190	100.00
No. of Shareholders in physical mode	3614	32.91	5038842	3.30
No. of Shareholders in electronic mode	7367	67.09	147780348	96.70



ANNEXURE-C

Demat Status as on 31st March 2012



Physical Form	Demat Form	
2519421	73890174	
	NSDL	CDSL
	66604029	7286145

ANNEXURE - 1

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2012 received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Executive Vice President cadre and the Company Secretary as on March 31, 2012.

Place : Mumbai
Date : May 28, 2012.

Shreyas K. Doshi
Chairman & Managing Director

ANNEXURE - 2

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, Shreyas K. Doshi, Chairman & Managing Director and Vinod M. Shetye, Chief Financial Officer of Shrenuj & Company Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes to the accounts, as well as the cash flow statements and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, present in all material respect, a true and fair view of, the company's affairs, the financial condition, result of operations and cash flows of the Company as of, and for, the period presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Company's disclosure, control and procedures, and
 - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation, whenever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions).
 - a) all deficiencies in the design or operations of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to deficiencies;
 - b) significant changes in internal controls during the year covered by this report;
 - c) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - d) instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the Company's internal control system

Mumbai, May 28, 2012.

SHREYAS K. DOSHI
CHAIRMAN & MANAGING DIRECTOR

VINOD M. SHETYE
CHIEF FINANCIAL OFFICER



AUDITORS' REPORT

To the Members of SHRENUJ & COMPANY LIMITED

We have audited the attached Balance Sheet of SHRENUJ & COMPANY LIMITED as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that, none of the directors are disqualified as on 31st March, 2012 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
 - f) Without qualifying our report, we draw attention to:

Note No. 2b of financial statement regarding adoption of principles of hedge accounting enunciated in the Accounting Standard (AS) 30 - Financial Instruments Recognition and Measurement, in respect of derivative transaction entered into to hedge foreign currency risk. Accordingly, the net notional loss amounting to Rs. 6.92 million on such derivative transactions which have been designated as effective cash flow hedges have been recorded in the Hedging Reserve Account.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:

- (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (ii) in so far as it relates to the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- (iii) in so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For Rajendra & Co
Chartered Accountants
(Firm Registration No. 108355W)

Akshay R. Shah
Partner
Membership No.: 103316
Mumbai
Dated: 28th May, 2012

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us all the fixed assets have been physically verified by the Management at the end of the accounting year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year, except for inventories lying with third parties in respect whereof the Company has obtained necessary confirmations.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has given loans to four wholly owned subsidiary Companies during the year aggregating to Rs. 143.28 million, the maximum amount of loans granted by the Company at any time during the year was Rs. 709.72 million and the year-end balance in respect of the said loans outstanding is Rs 489.95 million.
 - b. In our opinion and according to the information and explanation given to us, having regard to the long term involvement of the Company with its wholly-owned subsidiaries, the said interest-free loans are not prima facie prejudicial to the interest of the Company.
 - c. There are no stipulations as regards repayment of principal amounts and all the loans granted are interest free there is no question of recovering the interest amount.
 - d. There are no stipulations as regards repayment of principal amount and therefore, the question of overdue amounts does not arise.
 - e. The Company has taken loans from nine parties during the year. The year-end balance in respect of the said loans is Rs. 1,243.62 million.
 - f. Of the above, loan from four relatives is interest free and in respect of other four parties, based on the audit procedures performed by us, in our opinion, the rate of interest and other terms and conditions of the said loans are not prima facie prejudicial to the interest of the Company.
 - g. The interest payments, wherever applicable, have been regularly paid by the Company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us:
 - a. The transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In respect of transactions for purchase and sale of goods in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, pricing essentially involves technical appraisal. However, we have been informed by the management, that these transactions have been effected at the prevailing market rates in the given conditions.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard



to the deposits accepted from the public. No orders in respect of said deposits have been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India, Courts of any other Tribunals.

7. In our opinion, the internal audit system of the Company is commensurate with the 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 under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - 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 statutory dues, as may be applicable, have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable.
 - b. The disputed statutory dues aggregating to Rs. 95.09 million that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	Nature of the Dues	Forum where dispute is pending	Period to which amount relates	Amount (Rs. Million)
1.	Income Tax Act, 1961	Income-Tax	Commissioner of Income-Tax (Appeals)	FY 01-02	5.37
				FY 02-03	0.92
			Appellate Tribunal	FY 05-06	2.35
				F.Y.07-08	85.12
				FY 89-90	0.39
				FY 99-00	0.35
				FY 2000-01	0.21
2.	The Bombay Sales Tax Act	Sales Tax	Commissioner (Appeals)	FY 94-95 FY 95-96	0.34 0.04
			TOTAL:		95.09

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, or banks. The Company has not raised any money by issue of debentures.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments. The investments made by the Company are held in its own name except to the extent of the exemption under Section 49 of the Companies Act, 1956.
15. The Company has given guarantees for loans taken by its subsidiary and associate companies from banks. According to the information and explanations given to us by the management, and having regard to the long term involvement of the Company with its subsidiaries and associates, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
16. In our opinion, the term loans outstanding at the beginning of the year as well as those raised during the year have been applied for the purpose for which they were raised.

Auditor's Report

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investments during the year.
18. The Company has made preferential allotment of shares on exercise of options granted in earlier years under the ESOP Schemes to parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The price at which such shares are allotted is not prima facie prejudicial to the interest of the Company.
19. The Company has not raised any monies by issue of debentures.
20. The Company has not raised any monies by making a public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Rajendra & Co.
Chartered Accountants
(Firm Registration No. 108355W)

Akshay R. Shah
Partner
Membership No.: 103316

Mumbai
Dated: 28th May, 2012



BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Notes	(Rs in million)	
		31 st March 2012	31 st March 2011
I. EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	1	152.82	151.97
Reserves and Surplus	2	4,961.18	4,702.57
		<u>5,114.00</u>	<u>4,854.54</u>
Non-Current Liabilities			
Long-Term Borrowings	3	1,228.06	836.49
Deferred Tax Liabilities (Net)	4	84.36	82.96
Long Term Provisions	5	20.08	19.07
		<u>1,332.50</u>	<u>938.52</u>
Current Liabilities			
Short-Term Borrowings	6	10,286.28	7,838.66
Trade Payables	7	9,283.82	5,779.59
Other Current Liabilities	8	394.13	688.15
Short-Term Provisions	9	194.37	191.16
		<u>20,158.60</u>	<u>14,497.56</u>
Total Equity and Liabilities		<u><u>26,605.10</u></u>	<u><u>20,290.62</u></u>
II. ASSETS			
Non-Current Assets			
Fixed Assets			
	10		
Tangible Assets		2,085.83	2,125.46
Intangible assets		17.82	20.36
Capital Work in Progress		409.82	367.58
		<u>2,513.47</u>	<u>2,513.40</u>
Non-current investments	11	1,163.09	1,163.09
Long term loans and advances	12	510.60	640.25
		<u>4,187.16</u>	<u>4,316.74</u>
Current Assets			
Current investments	13	1.05	1.18
Inventories	14	11,207.63	8,442.19
Trade receivables	15	9,884.20	6,752.04
Cash and cash equivalents	16	718.27	396.01
Short-term loans and advances	17	606.79	382.46
		<u>22,417.94</u>	<u>15,973.88</u>
Total Assets		<u><u>26,605.10</u></u>	<u><u>20,290.62</u></u>

Significant Accounting Policies

Notes to financial statements 1 to 35

As per our Report of even date

For **RAJENDRA & CO.**,
Chartered Accountants

Akshay R. Shah
Partner

MUMBAI, 28th May, 2012

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Suresh N. Talwar
Nihar N. Parikh
Vishal S. Doshi
Directors

MUMBAI, 28th May, 2012

Balance Sheet and Profit & Loss A/c

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Notes	(Rs in million)	
		31 st March 2012	31 st March 2011
INCOME			
Revenue from Operations	18	20,241.65	15,542.10
Other Income	19	8.62	8.97
		<u>20,250.27</u>	<u>15,551.07</u>
EXPENSES			
Cost of materials consumed	20	17,392.44	12,770.69
Purchase of Stock in trade	21	2,251.95	691.68
Variation in inventory of finished goods & Stock in trade	22	(1,998.70)	(238.46)
Employee Benefit Expense	23	360.98	365.36
Finance Cost	24	876.68	675.61
Depreciation/ Amortisation	25	63.20	58.61
Other Expenses	26	844.17	802.48
		<u>19,790.72</u>	<u>15,125.97</u>
PROFIT BEFORE TAXATION		459.55	425.10
Less: Provision for Taxation - Current		114.60	118.40
Provision for Deferred Taxation		1.40	1.50
PROFIT AFTER TAXATION		<u>343.55</u>	<u>305.20</u>

Earnings per equity share of face value of Rs 2/- each.

- Basic	4.52	4.03
- Diluted	4.51	4.03

Significant Accounting Policies

Notes to Financial Statements 1 to 35

As per our Report of even date
For **RAJENDRA & CO.**,
Chartered Accountants

Akshay R. Shah
Partner

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
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Suresh N. Talwar
Nihar N. Parikh
Vishal S. Doshi
Directors

MUMBAI, 28th May, 2012

MUMBAI, 28th May, 2012



CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2012

	(Rs in million)	
	2011-2012	2010-2011
(A) Cash flows from operating activities:		
Net Profit before tax and after extraordinary items	459.55	425.10
Adjustments for:		
Depreciation	63.20	58.61
Provision for leave encashment	3.16	19.70
(Profit)/ loss on sale of fixed assets	0.84	(0.10)
Provision for diminution in investments	0.13	0.05
Dividend received	(0.04)	(0.08)
Finance cost (net)	876.68	675.61
Profit on sale of investment	-	(0.23)
Deferred employee compensation	1.90	6.12
Effects of exchange rate change	170.56	(39.24)
	<u>1,116.42</u>	<u>720.44</u>
Operating Profit before working capital changes	1,575.97	1,145.54
Adjustments for:		
Trade and other receivables	(3,198.88)	(843.77)
Inventories	(2,765.44)	(1,702.57)
Trade payables	3,294.94	1,373.43
Cash generated from operations	(1,093.41)	(27.37)
Direct taxes paid	(109.00)	(108.68)
Net Cash Flow from operating activities	(1,202.41)	(136.05)
(B) Cash flows from investing activities:		
Purchase of fixed assets	(79.74)	(61.11)
Sale of fixed assets	1.77	3.32
Sale of investments	-	3.88
Dividend received	0.04	0.08
Interest income	23.53	20.94
Movement of loans	74.49	32.27
Net Cash used in investing activities	20.09	(0.62)
(C) Cash flows from financing activities:		
Proceeds from share capital	0.85	1.28
Amalgamation expense	-	(5.11)
Proceeds from premium	8.06	12.16
Increase in long term borrowings	391.57	99.73

Cash Flow Statement

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2012

(Rs in million)

	2011-2012	2010-2011
Increase in short term borrowings	2,048.57	626.03
Interest paid	(895.67)	(683.48)
Dividends paid	(45.69)	(34.81)
Tax on dividend	(7.42)	(5.78)
Effects of exchange rate change	4.31	21.20
Net Cash used in financing activities	1,504.58	31.21
Net increase in cash and cash equivalents (A+B+C)	322.26	(105.46)
Opening balance of cash and cash equivalent	396.01	501.46
Closing balance of cash and cash equivalent	718.27	396.01

Note:

The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) on Cash flow statement issued by the Companies (Accounting Standards) Rules, 2006.

As per our Report of even date

For **RAJENDRA & CO.**,
Chartered Accountants

Akshay R. Shah
Partner

MUMBAI, 28th May, 2012

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
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Minoo R. Shroff
Suresh N. Talwar
Nihar N. Parikh
Vishal S. Doshi
Directors

MUMBAI, 28th May, 2012



SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2012

A. Basis of preparation of financial statements

The financial statements have been prepared and presented on an accrual basis under the historical cost convention except for certain fixed assets which are revalued in accordance with the provisions of the Companies Act, 1956 and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 by Central Government, to the extent applicable.

Accounting Policies not specifically referred to otherwise are consistent with and in consonance with generally accepted accounting principles.

B. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognised prospectively in current and future periods.

C. Fixed assets and depreciation

Fixed assets are stated at acquisition/construction cost net of recoverables taxes and includes amounts added on revaluation less accumulated depreciation and impairment loss if any. Cost of construction include cost attributable to bring the asset to its intended use, and includes related borrowing costs and adjustment arising from exchange rate variation attributable to fixed assets are capitalised.

Depreciation on fixed assets (other than Leasehold Land) has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Cost of leasehold land is amortised over the life of the lease period and on amounts added on revaluation, depreciation is provided as aforesaid on residual life of the assets as certified by valuers. Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

D. Intangible Assets and Amortisation

Intangible assets are stated at cost of acquisition less accumulated amortisation. These assets are amortised over a period of five years on a straight line basis.

E. Impairment of assets

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

F. Investments

Long term investments are stated at cost, less any other than, temporary diminution in value.

Current investments are carried at lower of cost or market/ fair value determined on an individual investment basis.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

G. Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are generally recognised in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rate on that date, the resultant exchange differences are recognized in the profit and loss account.

In respect of Forward Exchange Contracts (excluding cash flow hedges), the differences between the contract rate and spot rate on the date of the contract is charged to Profit and Loss Account over the period of contract and the difference between the year end rate and spot rate on the date of contract is also recognised in Profit and Loss Account.

Significant Accounting Policies

The exchange difference arising on translations and realised gains and losses on foreign currency transactions are generally recognised in Profit and Loss Account, except in case of long term liabilities where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of fixed assets.

Non-monetary foreign currency items are carried at cost.

H. *Derivative instruments and hedge accounting*

The Company enters into derivative financial instruments (option contracts and forward contracts) to hedge foreign currency risk of firm commitments and highly probable forecast transactions.

In respect of Derivative financial instruments entered to hedge foreign currency risk of highly probable forecast transactions that qualify as Cash flow hedges, the gains or losses are reflected in the Hedging Reserve Account in the Balance Sheet and are subsequently recognised in the Profit and Loss Account of the period in which the hedged transaction materialises as per principles of hedge accounting enunciated in Accounting Standard (AS) - 30, "Financial Instruments: Recognition and Measurement". In respect of other derivative financial instruments, which are hedges, the gains or losses are accounted for in Profit and Loss Account.

I. *Inventories*

Raw materials

Raw materials are valued at cost or net realizable value whichever is lower. Cost of Raw Materials - for Jewellery division is computed using the First in First out (FIFO) method, - for diamond division, specific items of cost are allocated and assigned to inventory wherever practicable and in other cases, the weighted average method is used to compute cost.

Stock in process

Stock in process is considered as part of stock of raw materials and is not valued separately.

Finished goods

For Jewellery division are valued at estimated cost or net realizable value, whichever is lower. For Diamond division, polished diamonds are valued at technical estimate of cost or net realizable value, whichever is lower. Cost includes cost of materials consumed and related conversion costs which are technically evaluated by the management, in view of the nature of the variation in the value of individual diamonds, existence of multiple grades and the differentials in conversion costs. The company has therefore complied with AS2 - "Valuation of Inventories" issued by the Institute of Chartered Accountants of India to the extent practicable.

Stores, spares parts and loose tools are valued at cost.

J. *Revenue Recognition*

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sale of goods and services and gain / loss on corresponding hedge contract.

Dividend income is recognised when right to receive is established.

Interest income is recognized on time proportionate basis.

K. *Employee's retirement benefits*

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the year.

Post employment benefits

Defined Contribution Plans

The Company's provident fund scheme is a defined contribution plan.

The Company's contribution paid/payable under the schemes is recognised as expense in the Profit and Loss account during the period in which the employee renders the related service. The Company makes specified monthly contributions towards employee provident fund.



Defined Benefit Plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees will earn in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary at each balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

Other Long term employment benefits

The Company's liabilities towards Compensated Absences to employees are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Profit and Loss Account.

L. Leases

Lease payments under an operating lease are recognised in the profit and loss account on a straight line basis, over the lease term.

M. Taxation

Income tax expense comprises of current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credits and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is virtually/reasonably (as the case may be) certain to be realised.

N. Borrowing cost

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

O. Provisions and contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may or may not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

P. Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

Q. Employee stock option based compensation

The Company calculates the compensation cost based on the intrinsic value method wherein the excess of value of underlying equity shares as of the date of the grant of options over the exercise price of such options is recognised and amortised over the vesting period on a straight line basis. The Company follows SEBI guidelines for accounting of employee stock options.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
1. Share Capital		
Authorised		
225,000,000 (225,000,000) Equity Shares of Rs. 2/- each	<u>450.00</u>	<u>450.00</u>
Issued, Subscribed and Paid-up		
76,409,595 (75,984,995) Equity Shares of Rs. 2/- each fully paid-up	<u>152.82</u>	<u>151.97</u>
	<u>152.82</u>	<u>151.97</u>

Notes:

- 1 a) Of the above Equity shares:
- i) 14,122,325 shares were issued pursuant to the scheme of amalgamation without payment being received in cash.
 - ii) 6,692,070 shares were issued pursuant to the exercise of option by the holders of Foreign Currency Convertible Bonds.
- b) The Company has reserved 3,131,527 Equity shares of Rs. 2/- each to be issued to eligible employees of the Company and its subsidiary companies under Employee Stock Option Scheme. Upto 31st Mar'12, the Company has granted 1,565,763 (P.Y. 1,565,763) options to the eligible employees for subscribing to equivalent numbers of fully paid up equity shares of the Company at a price of Rs. 21/- per share. The option would vest over a period of three years from the date of grant based on specified criteria. During the year, 424,600 (P.Y. 639,850) equity shares have been allotted to eligible employees / Directors of the Company and its subsidiaries on exercise of options. The cumulative options exercised 1,064,450, upto 31st March 2012.
- c) Details of shareholders holding more than 5% shares in the Company.

Particulars	31 st March 2012		31 st March 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs. 2/- each fully paid				
Shreyas K. Doshi	11,878,712	15.55%	11,878,212	15.63%
Vishal S Doshi	5,245,421	6.86%	5,245,421	6.90%
Suman K Doshi	7,552,125	9.88%	7,552,125	9.94%
Shrenuj Investments & Finance Pvt. Ltd.	14,119,663	18.48%	14,119,663	18.58%
HSBC Private Bank (Suisse) SA	5,088,870	6.66%	5,088,870	6.70%

- d) The reconciliation of the number of share outstanding is set out below:

Particulars	31 st March 2012 No. of shares	31 st March 2011 No. of shares
Equity shares at the beginning of the year	75,984,995	69,322,620
Add: Shares issued on account of Employee Stock Options	424,600	639,850
Add: Shares issued on account of scheme of amalgamation arrangement	-	6,022,525
	<u>76,409,595</u>	<u>75,984,995</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
2. Reserves and Surplus		
Capital Reserve		
Balance as per last financial statements	20.33	20.33
Revaluation Reserve [Refer note 2(a)]		
Balance as per last financial statements	1,337.28	1,351.12
Less: Transferred to the statement of Profit and Loss	(13.84)	(13.84)
	<u>1,323.44</u>	<u>1,337.28</u>
Amalgamation reserve [Refer note 2(a)]		
Balance as per last financial statements	564.59	30.32
Additions during the year	-	546.66
Less: Amalgamation expense	-	(5.11)
Less: Transferred to the statement of Profit and Loss Account	(7.28)	(7.28)
	<u>557.31</u>	<u>564.59</u>
Securities premium account		
Balance as per last financial statements	868.04	585.35
Add: Received during the year	10.42	282.69
	<u>878.46</u>	<u>868.04</u>
Share Option outstanding Account		
Balance as per last financial statements	5.14	8.69
Less: Exercised during the year	(2.36)	(3.55)
	<u>2.78</u>	<u>5.14</u>
General reserve		
Balance as per last financial statements	1,065.00	1,030.00
Add: Transfer from Profit and Loss Account	35.00	35.00
	<u>1,100.00</u>	<u>1,065.00</u>
Hedging reserve [Refer note 2(b)]	(6.92)	7.10
Surplus as per profit and loss account		
Balance as per last financial statements	835.09	618.04
Add: Profit / (Loss) for the year	343.55	305.20
Less: Appropriations		
Dividends proposed to be distributed to equity shareholders (Re 0.65 per share) (P.Y Re 0.60 per share)	(49.79)	(45.73)
Tax on dividend	(8.08)	(7.42)
Transferred to General reserve	(35.00)	(35.00)
	<u>1,085.78</u>	<u>835.09</u>
GRAND TOTAL	<u>4,961.18</u>	<u>4,702.57</u>

Note:

2a) The Company had revalued / fair valued its Land and Buildings situated at Mumbai and consequently, there is an additional charge for depreciation of Rs. 13.84 million for the year ended 31st March, 2012 (Rs. 13.84 million) and an amount of Rs. 7.28 million (Rs. 7.28 million) has been withdrawn from Revaluation Reserve and Amalgamation Reserve respectively as per the scheme sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated 1st October, 2010. This has no impact on the profit for the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2b) The Company has continued to adopt the principles of AS - 30, "Financial Instruments: Recognition & Measurement" in respect of hedge accounting. Accordingly, in respect of derivative financial instruments which are entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions and which are effective cash flow hedges, the net notional loss on these instruments outstanding as at 31st March 2012, amounting to Rs. 6.92 million (PY notional gain Rs. 7.10 million) is reflected in the Hedging Reserve account.

	31 st March 2012 (Rs in million)		31 st March 2011 (Rs in million)	
	Non - Current	Current	Non - Current	Current
3 LONG TERM BORROWINGS :				
Secured Loans				
From Bank				
Term Loan from Banks [Refer note 3(a)]	2.75	51.26	261.42	103.71
Working Capital Term Loan [Refer note 3(b)]	-	71.60	71.60	433.07
From Others				
Term Loan from a company [Refer note 3(c)]	1.79	0.93	2.50	0.93
Unsecured Loans				
From Directors	504.22	-	0.97	-
Inter Corporate Deposits (from Companies under same management)	719.30	-	500.00	-
	<u>1,228.06</u>	<u>123.79</u>	<u>836.49</u>	<u>537.71</u>

Note:

3a) Term Loan from Banks includes:

(i) Rs. Nil (P.Y. Rs. 291.43 million) secured by way of second charge on all the Assets, present and future, of the company, excluding assets of Unit I and Unit II of Jewellery Division at Seepz⁺⁺. The loan is collaterally secured by pledge of Company's investment in Astral Holding Inc. and Simon Golub & Sons Inc. These are further guaranteed by some of the Directors in their personal capacity. It carried interest @12.5% p.a.

(ii) Rs. 47.42 million (P.Y. Rs. 66.79 million) secured by way of first charge on all assets, both present and future, of Unit I of Jewellery Division at Seepz⁺⁺.

It carries interest @ 6 month Libor + 225 bps p.a. The loan is repayable in 18 quarterly installments of USD 0.19 million each along with interest, from December 2008 to March 2013.

(iii) Rs. 6.59 million (P.Y. Rs. 6.91 million) is secured by hypothecation of specific vehicles.

3b) Working Capital Term Loan from Banks include:

(i) Rs. 71.60 million (P.Y. Rs. 357.20 million) secured by way of second charge on all the Fixed Assets, present and future, of the company, excluding assets situated at MIDC Andheri and Seepz⁺⁺ unit of the Company. The loan is collaterally secured by pledge of shares standing in name of Promoter group in the Company. These are further guaranteed by some of the Directors in their personal capacity.

It carries interest @12.75% p.a. The loan is repayable in 7 equal quarterly installments of Rs. 71.40 million each along with interest, commencing from 15 months after first drawdown.

(ii) Rs. Nil (P.Y. Rs. 147.47 million) secured by hypothecation of stock in trade and book debts of Unit II of Jewellery Division at Seepz⁺⁺. It carried interest @ 8% p.a.

3c) Term loan from a company was secured by hypothecation of a specific vehicle.

3d) Unsecured loans from Directors and Companies are payable over a period of 7 to 10 years. Loan from Directors carry interest of 8% and Inter Corporate Deposits carry interest ranging from 8% to 16.25%.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

4 Deferred Tax Liabilities (Net) Assets	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
Provision for unencashed leave/ gratuity	13.00	10.57
Amalgamation expenses	0.26	0.35
	<u>13.26</u>	<u>10.92</u>
Liability		
Depreciation	97.62	93.88
	<u>84.36</u>	<u>82.96</u>
5 Long Term Provisions		
Provision for employee benefits	20.08	19.07
	<u>20.08</u>	<u>19.07</u>
6 SHORT TERM BORROWINGS :		
Secured Loans		
From Bank		
Working Capital Loan from Banks [Refer note (6a)]	10,033.48	7,720.87
Short term loan from banks [Refer note (6b)]	106.20	7.59
	<u>10,139.68</u>	<u>7,728.46</u>
Unsecured Loans		
From Related Parties		
Shareholders	9.80	2.20
Inter Corporate Deposits	10.30	10.00
	<u>20.10</u>	<u>12.20</u>
From Others		
Financial Institution	110.00	90.00
Fixed Deposits	16.50	8.00
	<u>126.50</u>	<u>98.00</u>
	<u>10,286.28</u>	<u>7,838.66</u>
Note:		
6 a) Working Capital loans from banks are secured as under:		
(i) Primarily by hypothecation of stock in trade and book debts.		
(ii) Collaterally by machinery present and future, and mortgage of premises situated at Mumbai.		
(iii) Further collaterally by pledge of fixed deposits and guarantee by some of the Directors in their Personal capacity.		
b) Short term loan from banks are secured against Company's Fixed Deposits.		
7 Trade Payables		
Trade Payables (Refer note 7a)	9,137.28	5,681.91
Advance from Customers	146.54	97.68
	<u>9,283.82</u>	<u>5,779.59</u>
Note:		
7 a) On the basis of information and records available with the Company, there are no outstanding dues as at 31 st March 2012 to the Micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.		

Notes to Accounts

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

8 Other Current Liabilities	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
Current maturities of long term debt (Secured):		
Term Loan from Banks [Refer note 3(a)]	51.26	103.71
Working Capital Term Loan from Banks [Refer note 3(b)]	71.60	433.07
Term Loan from a company [Refer note 3(c)]	0.93	0.93
Duties & Taxes payable	18.21	8.31
Unclaimed Dividend*	2.72	2.67
Deposits	1.29	1.29
Interest accrued but not due	4.24	6.37
Interest accrued and due	13.38	6.71
Income received in advance	1.50	2.40
Temporary Overdraft	35.74	20.65
Creditors for capital expenditure	11.25	3.99
Other Payables	182.01	98.05
	394.13	688.15

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

9 Short Term Provisions	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
Taxation	114.60	118.40
Provision for employee benefits	21.90	19.61
Proposed dividend	49.79	45.73
Tax on proposed dividend	8.08	7.42
	194.37	191.16

10 Fixed Asset

(Rs in million)

Sr. No	Particulars	Gross Block				Depreciation/ Amortisation				Net Block	
		As at 01.04.2011	Additions	Deductions	As at 31.03.2012	As at 01.04.2011	For the year	Deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
I	Tangible Assets										
	Own Assets										
	Freehold Land	675.46	-	-	675.46	-	-	-	-	675.46	675.46
	Leasehold Land	72.03	-	-	72.03	1.91	0.28	-	2.19	69.84	70.12
	Building*	985.19	5.32	-	990.51	81.97	31.48	-	113.44	877.07	903.22
	Leasehold improvements	3.56	-	-	3.56	3.40	-	-	3.40	0.17	0.18
	Plant and Equipment	312.96	16.71	0.63	329.05	88.66	15.11	0.09	103.68	225.37	224.31
	Electrical Installations	74.98	0.70	-	75.68	25.32	3.59	-	28.91	46.77	49.66
	Office Equipment	151.65	6.68	0.29	158.04	68.27	10.15	0.07	78.36	79.68	83.38
	Furnitures & Fixtures	166.56	4.37	0.66	170.27	76.54	9.58	0.13	86.00	84.27	90.02
	Vehicles	40.33	3.26	2.89	40.71	14.34	3.56	1.56	16.34	24.37	25.99
	Yacht	4.45	-	-	4.45	1.31	0.31	-	1.63	2.83	3.14
	TOTAL (A)	2,487.17	37.05	4.46	2,519.76	361.72	74.06	1.85	433.93	2,085.83	2,125.46
II	Intangible Assets										
	Computer Software	39.44	7.72	-	47.16	25.18	7.86	-	33.04	14.12	14.26
	Trademarks	6.49	-	-	6.49	5.39	0.78	-	6.17	0.32	1.10
	Technical Knowhow	8.11	-	-	8.11	3.11	1.62	-	4.73	3.38	5.00
	TOTAL (B)	54.04	7.72	-	61.76	33.68	10.26	-	43.94	17.82	20.36
III	Capital Work-in-progress										
	Building Under Construction	367.58	42.24	-	409.82	-	-	-	-	409.82	367.58
	TOTAL (C)	367.58	42.24	-	409.82	-	-	-	-	409.82	367.58
	Total [A + B + C]	2,908.79	87.00	4.46	2,991.34	395.39	84.32	1.85	477.87	2,513.47	2,513.40
	(Previous Year)	870.23	2,053.36	14.79	2,908.79	285.56	121.41	11.58	395.39	2,513.40	-

Note:

a)* Building includes Rs. 3250/- being the cost of shares in Co-operative Housing Society.

b) Gross Block & CWIP includes Rs. 1,351.11 million added on revaluation of Land, Building and Office Premises as at 1st April, 2010 based on reports issued by independent valuer. Refer note 2(a).



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
11 Non-Current Investments		
Trade Investments		
In Wholly Owned Subsidiary Companies - Unquoted		
5,000 (5,000) Equity Shares of Shrenuj Overseas Ltd. of Rs.100/- each fully paid up	0.50	0.50
50,000 (50,000) Equity Shares of Shrenuj Lifestyle Ltd. of Rs. 10/- each fully paid up	0.50	0.50
100 (100) Equity Shares of US \$ 0.01 each of Astral USA Inc. fully paid up and additional paid-in capital	179.68	179.68
3,837,708 (3,837,708) Equity Shares of Shrenuj Mauritius Pvt. Ltd. of MRS 100 each fully paid up	542.40	542.40
11,210 (11,210) Equity Shares of Shrenuj DMCC of AED 1000 each fully paid up	136.24	136.24
200 (200) Equity Shares of Shrenuj Japan Corporation of YEN 10000 each fully paid up	4.76	4.76
100 (100) Equity Shares of Astral Holdings, Inc. of US \$ 1 each fully paid up & additional paid-in capital	250.40	250.40
In Subsidiary Companies - Unquoted		
3,750,000 (3,750,000) Equity Shares of Daily Jewellery Ltd. of HK\$ 1.00 each fully paid up	17.01	17.01
In Associate companies - Unquoted		
2,810,000 (2,810,000) Equity Shares of Kiara Jewellery Pvt. Ltd. of Rs. 10/- each fully paid up	28.10	28.10
350,000 (350,000) Equity Shares of Arisia Jewellery Pvt. Ltd. of Rs.10/- each fully paid up	3.50	3.50
	<u>1,163.09</u>	<u>1,163.09</u>
Aggregate of Unquoted Investments - At Book Value	1,163.09	1,163.09
12 Long term loans and advances		
Secured Advances / Deposits		
Deposit with Government Authorities	0.60	0.60
Unsecured Advances		
Capital Advances	6.71	7.50
Security Deposits	13.05	11.42
Loans & Advances to Related Parties [Refer note 12(a)]	489.96	620.45
Other Loans & Advances	0.28	0.28
	<u>510.60</u>	<u>640.25</u>
Note:		
12 a) Advances to Wholly Owned Subsidiary Companies:		
Shrenuj Japan Corporation	9.51	8.34
Astral USA Inc	3.17	2.78
Astral Holding Inc	388.05	607.82
Shrenuj Lifestyle Limited	89.23	1.51

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
13 Current Investments		
Other Investments		
Others- Unquoted		
2,500 (2,500) Equity Shares of Saraswat Co-Operative Bank Ltd. of Rs.10/- each fully paid up	0.03	0.03
165 (165) Equity Shares of Global Trendz Retail (P) Ltd.*	0.12	0.12
Mutual funds - Quoted		
13,085.58 units of Birla Sun Life Equity Fund	1.00	1.00
11713.442 units of Kotak Select Focus Fund-G*	0.20	0.20
(Erstwhile 20000 units Kotak Indo World Infra Fund-G)	1.20	1.20
Less : Provision for diminution in value of Investment	0.30	0.16
	<u>0.90</u>	<u>1.04</u>
	<u>1.05</u>	<u>1.18</u>
Aggregate of quoted Investments - At cost	1.20	1.20
Aggregate of quoted Investments - At Market Value	0.90	1.04
* Scheme of Kotak Indo World Infra Fund merged with Kotak Select Focus Fund w.e.f. 10-09-2011.		
14 Inventories		
(As valued, verified and certified by the Management)		
Raw materials	4,331.46	3,562.71
Stock in Trade	343.30	419.47
Finished goods	6,525.05	4,450.18
Stores, Spares etc.	7.82	9.83
	<u>11,207.63</u>	<u>8,442.19</u>
15 Trade Receivables		
Outstanding for over six months		
Considered Good	842.10	339.07
Considered Doubtful	-	-
	<u>842.10</u>	<u>339.07</u>
Less : Provision for doubtful debts	-	-
	<u>842.10</u>	<u>339.07</u>
Other Debtors		
Considered Good [Refer note 15(a)]	9,042.10	6,412.97
	<u>9,884.20</u>	<u>6,752.04</u>
Note:		
15 a) Debts due from Company under the same management: SHL Gems and Jewellery Limited	1.01	8.86



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
16 Cash and Bank Balances		
Cash on hand	1.20	0.95
Balance with Scheduled Banks		
Current Accounts*	412.95	69.23
Fixed Deposits**	195.07	196.04
Bank Deposits with more than 12 months maturity	7.98	24.04
Margin Deposit Accounts	101.07	105.75
	<u>718.27</u>	<u>396.01</u>
*Includes unclaimed dividend Rs. 2.72 million (P.Y. Rs. 2.67 million)		
**Includes Rs. 195.07 million (P.Y. Rs. 196.04 million pledged with Banks as security)		
17 Short term loans and advances		
Unsecured Advances		
Advance Tax (net of provisions)	79.97	89.37
Sales Tax/ Service Tax Refundable	54.05	43.53
Prepaid Expenses	22.71	16.91
Advance to Suppliers	422.10	149.43
Others	27.96	83.22
	<u>606.79</u>	<u>382.46</u>
18 Sales and Services		
Sale of Products	20,234.92	15,536.62
Service charges	6.73	5.48
	<u>20,241.65</u>	<u>15,542.10</u>
18(a) Details of Product Sold		
Finished goods sold		
Diamond	12,308.77	10,881.43
Jewellery	5,574.66	3,943.11
Traded goods sold		
Diamond	1,157.58	-
Jewellery	1,193.91	712.08
18(b) Earning in Foreign Exchange:		
F.O.B. Value of goods exported	16,478.20	11,660.56
19 Other Income		
Rent	6.58	6.40
Dividend Income on Current Investments	0.04	0.08
Profit on sale of Assets	-	1.27
Profit on sale of Investments	-	0.23
Other Non-operating Income	2.00	0.99
	<u>8.62</u>	<u>8.97</u>
20 Cost of Raw Materials Consumed		
Raw Material Stock at commencement	3,562.71	1,512.34
Add: Stock acquired on amalgamation	-	589.73
Add: Purchases	18,446.36	14,424.72
	<u>22,009.07</u>	<u>16,526.79</u>
Less: Sale of raw materials	285.17	193.39
Stock at close	4,331.46	3,562.71
	<u>4,616.63</u>	<u>3,756.10</u>
	<u>17,392.44</u>	<u>12,770.69</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
20(a) Details of Raw Material Consumed		
Diamond Division	13,203.10	9,535.11
Jewellery Division	4,189.34	3,235.58
20(b) Value of imported and indigenous Consumption:		
	<u>2011-2012</u>	<u>2010-2011</u>
	% (Rs.in Million)	% (Rs.in Million)
Raw Materials:		
Directly Imported	66.48 11,562.30	56.42 7,205.12
Indigenously obtained	33.52 5,830.14	43.58 5,565.57
	<u>100.00 17,392.44</u>	<u>100.00 12,770.69</u>
	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
21 Purchase of finished goods	2,251.95	691.68
21(a) Details of Purchases		
Diamond	1,146.03	-
Jewellery	1,105.92	691.68
21(b) Value of Imports on C.I.F. Basis:		
Raw Materials / Purchases	13,869.22	8,506.04
Capital Goods	18.12	14.46
Stores and Spare parts	7.23	7.46
22 Variation in stock of finished goods		
Stock at commencement of finished goods / stock-in-trade	4,869.65	4,572.25
Add: Stock acquired on amalgamation	-	58.96
Less: Stock at close	6,868.35	4,869.65
	<u>(1,998.70)</u>	<u>(238.46)</u>
23 Employee Benefit Expenses		
Salaries, wages, Allowances & Other Benefits	256.08	258.83
Directors Remuneration	36.50	21.53
Contribution to PF & Other Funds	42.98	48.94
Staff Welfare expenses	23.52	29.94
Employee Stock Option Scheme	1.90	6.12
	<u>360.98</u>	<u>365.36</u>

23(a) The Disclosure of employee benefit as defined in the accounting standard are given below:

Defined Contribution Plan:

The Company makes Provident Fund and Superannuation Fund contributions as defined contributions retirement benefit plans for qualifying employees. The Company's provident fund is under the management of the statutory authorities. The Company has recognised Rs.16.64 million (Rs. 10.41 million) for Provident Fund and Rs.1.09 million (Rs 1.20 million) for Superannuation contributions in Profit and Loss account. The Contributions payable to this plans by the Company are at rates specified in the rules of the scheme.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Defined Benefit Plan:

The employees Gratuity Fund scheme managed by a trust is a funded defined benefit plan. The present value of obligation is determined based on the actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The Company has made an arrangement with an Insurer for meeting its Gratuity Liability payable at the time of retirement of its employees and a sum of Rs. 0.05 million (Rs 5.26 million) has been paid as advance against the premium and the same is adjusted against the provision for gratuity.

	Gratuity (Funded)			Leave Encashment (Funded)		
	2011-2012	2010-2011	2009-2010	2011-2012	2010-2011	2009-2010
a. Reconciliation of opening and closing balances of Defined Benefit Obligation:						
Liability at the beginning of the year	14.91	8.10	13.19	23.96	18.40*	13.61
Current service cost	1.34	0.93	1.23	3.27	3.58	1.84
Interest cost	1.19	0.65	0.69	1.98	1.53	0.90
Actuarial (Gain) / Loss	7.05	5.76	(5.79)	(0.88)	0.45	0.47
Benefit paid	(3.27)	(0.53)	(1.22)	(4.89)	-	(3.95)
Liability at the end of the year	21.22	14.91	8.10	23.43	23.96	12.87
b. Reconciliation of opening and closing balances of Fair Value of Planned Assets:						
Fair Value of planned assets at the beginning of the year	12.19	11.66	5.73	2.87	2.71	6.15
Expected return on planned asset	1.41	1.06	0.90	0.23	0.23	0.34
Employers' contribution	-	-	8.20	-	-	-
Actuarial gain / (loss)	-	-	(1.95)	0.02	(0.06)	(0.17)
Benefit paid	(3.27)	(0.53)	(1.22)	-	-	(3.95)
Fair Value of planned assets at the end of the year	10.33	12.19	11.66	3.12	2.87	2.71
Actual return on planned assets	1.41	1.06	0.90	0.23	0.23	0.33
c. Amount recognised in the Balance Sheet						
Liability at the end of the year	21.22	14.91	8.10	23.43	23.96	12.87
Fair Value of planned assets at the end of the year	15.67	12.19	11.66	3.12	2.87	2.71
Amount recognised in the Balance Sheet	5.55	2.72	(3.56)	20.31	21.08	10.16
d. Expenses recognised in the Profit & Loss account:						
Current service cost	1.34	0.93	1.23	3.27	3.58	1.84
Interest cost	1.19	0.65	0.69	1.98	1.53	0.90
Expected return on planned asset	(1.41)	(1.06)	(0.90)	(0.23)	(0.23)	(0.33)
Actuarial (Gain) / Loss	7.05	5.76	(3.84)	(0.89)	0.50	0.30
Net expense recognised in Profit & Loss account	8.17	6.28	(2.82)	4.12	5.39	2.70
e. Investment details:						
	% invested	% invested	% invested	% invested	% invested	% invested
Insurance Policies	100.00	100.00	100.00	100.00	100.00	100.00
f. Actuarial assumptions:						
Mortality Table	LIC 1994-96	LIC 1994-96	LIC 1994-96	IALM (94-96)	IALM (94-96)	IALM (94-96)
Discount rate per annum	8.00	8.00	8.00	8.25	8.30	8.30
Expected rate of return on planned assets	8.00	8.00	8.00	8.25	8.30	8.30
Salary escalation (per annum)	4.00	4.00	4.00	8.00	5.00	5.00

The above information is certified by an Actuary. The estimates of rate of escalation in salary considered in Actuarial valuation are based on the sector specific industry standards.

* The above amount includes opening balance of amalgamated companies amounting to Rs 5.53 million

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
24 Finance Cost		
Interest Expense		
On Term loan	67.12	111.81
To Banks	631.93	509.04
To Others	183.41	60.90
	<u>882.46</u>	<u>681.75</u>
Other Borrowing Cost	17.75	14.80
Less : Interest received [Refer note 24(a)]	23.53	20.94
	<u>876.68</u>	<u>675.61</u>
Note:		
24 (a) Tax Deducted at Source on Interest received	1.28	1.21
25 Depreciation and Amortisation expenses		
Depreciation of tangible assets	74.06	70.31
Amortisation of intangible assets	10.26	9.42
	<u>84.32</u>	<u>79.73</u>
Less: Transfer from Revaluation Reserve	13.84	13.84
Less: Transfer from Amalgamation Reserve	7.28	7.28
	<u>63.20</u>	<u>58.61</u>
26 Other Expenses:		
Manufacturing Expenses:		
Stores and spares consumed	41.92	38.34
Power and fuel	33.16	36.68
Subcontracting charges / Processing expenses	366.27	311.60
Rent	5.69	5.01
Rates and taxes	4.14	3.31
Machinery repairs	1.33	1.56
Other manufacturing expenses	22.43	17.88
	<u>474.94</u>	<u>414.38</u>
Selling and Distribution Expenses		
Marketing / Advisory Expenses	0.25	1.72
Freight and forwarding charges	23.78	18.38
Sales promotion Expenses	19.81	19.92
Advertisement Expenses	3.22	2.67
Brokerage & Commission	26.31	36.66
Other Selling and Distribution expenses	66.93	55.43
	<u>140.30</u>	<u>134.78</u>
Miscellaneous Expenses		
Insurance	26.95	27.46
Other repairs	21.04	17.52
Legal and professional charges	19.64	14.22



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
Sundry expenses	48.34	98.75
Remuneration to Auditors [Refer note 26(c)]	1.37	1.10
Donations	3.84	0.51
Bank Charges	102.71	93.60
Provision for diminution in investments	0.13	0.05
Loss on sale / discarded of Assets	0.84	1.16
Prior period items	4.07	(1.05)
	<u>228.93</u>	<u>253.32</u>
	<u>844.17</u>	<u>802.48</u>

26.(a) Value of imported and indigenous Consumption:

	2011-2012 % (Rs.in Million)		2010-2011 % (Rs.in Million)	
Stores and Spares parts:				
Directly Imported	14.26	5.98	15.31	5.87
Indigenously obtained	85.74	35.94	84.69	32.47
	<u>100.00</u>	<u>41.92</u>	<u>100.00</u>	<u>38.34</u>

26.(b) Expenditure in Foreign Currency

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
Foreign Travelling	11.69	10.21
Marketing Expenses	28.12	3.69
Export Commission	25.27	27.66
Legal & Professional Charges	2.78	4.03
Interest	67.68	43.30
Others	32.57	21.72

26.(c) Remuneration to Auditors

As auditor:		
- Audit Fees	0.79	0.66
- Tax Audit Fees	0.16	0.11
In other capacity:		
- Taxation Matters	0.12	0.22
- Certification Fees	0.30	0.11
	<u>1.37</u>	<u>1.10</u>

27 Remittance in Foreign Currency on account of Dividend:

	2010-2011	2009-2010
i) Year to which dividend relates	31	34
ii) Number of non-resident shareholders whom remittance was made	1,706,060	1,711,570
iii) Number of Equity Shares on which remittance was made	of Rs. 2/- each	of Rs. 2/- each
iv) Net amount remitted (Rs. in million)	1.02	0.86

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	<u>31st March 2012</u>	<u>31st March 2011</u>
	(Rs in million)	(Rs in million)
28 Earnings Per Share		
i) Profit after Tax available for Equity shareholders	343.55	305.20
ii) Weighted average number of equity shares		
For Basic & Diluted	76,072,581	75,824,810
iii) Earnings Per Share of Rs.2/- each		
Basic & Diluted Rs.	4.52	4.03

29 Derivative instruments

The Company, in accordance with its risk management policies and procedures, enters into derivative instruments (option contracts & forward contracts) to manage its exposure to foreign exchange rates. The counter party is generally a bank.

The Company has following outstanding derivative instruments as on 31st March, 2012:

Year	Number of Contracts	Notional	Fair ValueGain / (Loss) Maturity period
Current Year	11	USD 13.45 million	Rs. (6.92) million Upto 2 yrs
Previous Year	17	USD 14.46 million	Rs. 13.94 million Upto 3 yrs

Subsequent to the balance sheet date (before finalising the accounts), the Company has utilised / cancelled forward contracts of USD Nil (USD 8.00 million) without incurring any loss. The notional Mark to Market gain of Rs. Nil (P.Y. Rs. 6.85 million) on such contracts as on 31st March is therefore not reflected in the Hedging Reserve. The balance net Mark to Market gain / (loss) of Rs. (6.92) million (P.Y. Rs. 7.09 million) has been reflected in the Hedging Reserve.

In addition to the above cash flow hedges, the Company has outstanding derivative instruments aggregating to Rs. 6304.88 million (Rs. 2457.68 million) whose fair value showed a net loss of Rs. 169.05 million (P.Y. gain of Rs 26.98 million) and which is accounted for in the Profit and Loss Account.

As of balance sheet date, the Company has net foreign currency exposures that are not hedged by a derivative instrument or otherwise amounting to Rs. 5,261.01 million (P.Y. Rs. 1,959.33 million) representing receivables and Rs. 13,161.35 million (P.Y. Rs. 7,581.44 million) representing payables.

Commodity Hedging

The Company enters into Gold Futures and Options contracts to hedge its commodity related risk. The net outstanding position at the end of the year is Nil (P.Y. 40,800 grams). The MTM gain / (loss) of Nil (P.Y. gain of Rs. 1.89 million) has been accounted for in the Profit and Loss Account.

30 The Ministry of Corporate Affairs, Government of India vide its General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been attached to the Consolidated Financial Statements.

31 Presentation and disclosure of financial statements:

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The Company has also reclassified / regrouped previous year figures in accordance with the requirements applicable in the current year.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

32 Segment Information for the year ended 31st March 2012

As per Accounting Standard 21 on Consolidated Financial Statements and Accounting Standard 23 on Accounting for Investment in Associates in consolidated financial statements issued by Institute of Chartered Accountants of India, the Company has presented consolidated financial Statement, including subsidiaries and associates. Accordingly segment information as required under Accounting Standard 17 on Segment reporting is included under the Notes to Consolidated financial statements.

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
33 a) Exchange Fluctuations on monetary items (Net)	(240.31)	(226.21)
b) Income/(Expenses) relating to previous year	(4.07)	1.05
34 Contingent Liabilities and Capital commitments not provided for in respect of:		
a) Guarantees given by the Company on behalf of Subsidiaries and Associates		
In respect of Advances granted by Banks	10,271.47	7,333.09
b) Disputed Income Tax Liabilities not provided for	98.73	13.60
c) Disputed Sales Tax Liabilities not provided for	0.38	0.38
d) Corporate Guarantee executed in favor of Third Party	21.81	23.82
e) Bond executed for import of Capital goods	16.49	16.49
f) Letter of Credit against import of goods	1,135.06	1,542.47
g) Estimated amount of contracts remaining to be executed on capital account	13.92	-

35 Related Party transactions:

As per the Directors

1) Parties where control exists:

Shrenuj Lifestyle Limited	Wholly owned subsidiary
Shrenuj Overseas Ltd	Wholly owned subsidiary
Shrenuj DMCC	Wholly owned subsidiary
Shrenuj Japan Corporation	Wholly owned subsidiary
Shrenuj (Mauritius) Pvt. Ltd.	Wholly owned subsidiary
Shrenuj Jewellery (Far East) Ltd.	Wholly owned subsidiary
Shrenuj Botswana (Pty.) Ltd	Wholly owned subsidiary
Shrenuj South Africa (Pty) Ltd.	Wholly owned subsidiary
Shrenuj N.V.	Wholly owned subsidiary
Shrenuj GmbH	Wholly owned subsidiary
Shrenuj Australia Pty. Ltd.	Wholly owned subsidiary
Lume Group AG	Wholly owned subsidiary
Astral USA, INC.	Wholly owned subsidiary
Shrenuj USA, LLC	Wholly owned subsidiary
Astral Jewels LLC	Wholly owned subsidiary
Astral Holding INC	Wholly owned subsidiary
Alija International Pty Ltd	Wholly owned subsidiary
Global Marine Diamonds Company	Wholly owned subsidiary
Ithemba Diamonds (Pty) Ltd	Wholly owned subsidiary
Uxolo Diamond Cutting Works (Pty) Limited	Wholly owned subsidiary
Simon Golub & Sons INC	Subsidiary

Notes to Accounts

Daily Jewellery Ltd., Hong Kong	Subsidiary
Intergems H.K. Ltd.	Subsidiary
Shrenuj Shanghai Diamonds Pvt. Ltd.	Subsidiary
Bernies International, LLC	Subsidiary
2) Associates :	
Kiara Jewellery Pvt. Ltd.	
Arisia Jewellery Pvt. Ltd.	
Jomard SAS	
SWA Trading Ltd.	
Copem & Shrenuj	
Trapz, LLC	
SHL Gems & Jewellery Ltd.	
K. K. Doshi & Co.	
Shrenuj Investments & Finance Pvt. Ltd.	
3) Key Management Personnel and their relatives:	
Shri Shreyas K. Doshi	Chairman and Managing Director
Shri Nihar N. Parikh	Executive Director
Shri Vishal S. Doshi	Group Executive Director
Mrs. Anjali P. Mehta	Relative

The Following transactions were carried out with the related parties in the ordinary course of business:

(i) Details relating to parties referred to in items 1 and 2 above:

	2011-2012 (Rs. in Million)	2010-2011 (Rs. in Million)
1) Purchase of Raw Materials / Finished goods		
Shrenuj USA LLC	77.47	10.70
Intergems H.K. Ltd.	325.24	301.44
Shrenuj Jewellery (Far East) Ltd.	533.93	355.13
Jomard SAS	0.46	2.20
SWA Trading Ltd.	18.97	5.78
Shrenuj GmbH	-	1.12
Shrenuj Australia Pty. Ltd.	14.03	3.76
Shrenuj N.V.	2,791.20	3,154.41
Shrenuj DMCC	1,900.73	710.60
Kiara Jewellery Private Limited	3.30	5.43
SHLGems & Jewellery Limited	-	0.09
Shrenuj Japan Corpn	-	1.30
Simon Golub & Sons	68.74	102.75
Alija International	-	8.09
Shrenuj Botswana Pty Ltd.	1,449.24	873.24
Astral GMBH	21.58	-
Copem & Shrenuj	12.38	-
Ithemba Diamonds (Pty) Ltd	72.81	-
K. K. Doshi & Co.	60.00	-
2) Sale of Raw Materials / Finished goods		
Shrenuj USA, LLC	877.58	643.64
Shrenuj DMCC	3,132.08	1,140.05
Shrenuj N.V.	1,532.27	1,643.05
Intergems H.K. Ltd.	1,715.35	960.38



	2011-2012 (Rs. in Million)	2010-2011 (Rs. in Million)
Daily Jewellery Ltd.	0.88	4.79
Shrenuj GmbH	-	74.72
Shrenuj Australia Pty. Ltd.	0.66	18.13
SHL Gems & Jewellery Ltd.	-	2.98
Kiara Jewellery Pvt. Ltd.	0.01	53.91
Shrenuj Jewellery (Far East) Ltd.	330.89	70.22
Shrenuj Japan Corporation	0.16	3.45
Simon Golub & Sons	620.89	483.23
Alija International Pty. Ltd.	-	0.82
Shrenuj Botswana Pty Ltd.	103.20	5.66
Astral Jewels LLC	54.29	-
Astral GMBH	151.40	-
Shrenuj Lifestyle Limited	169.76	-
3) Other Services Rendered		
Shrenuj USA	0.39	0.15
Simon Golub & Sons	3.97	1.48
Shrenuj N.V.	0.10	-
Shrenuj Jewellery (Far East) Ltd.	0.18	-
Shrenuj Overseas Ltd	9.21	-
Shrenuj Lifestyle Limited	1.76	-
Shrenuj GmbH	0.11	-
Shrenuj Botswana Pty Ltd.	34.83	-
4) Other Services Received		
Shrenuj GmbH	-	0.05
Intergems H.K. Ltd.	0.93	-
Shrenuj Overseas Ltd	6.23	-
Shrenuj Lifestyle Limited	0.06	-
Simon Golub & Sons	0.36	-
Shrenuj USA, LLC	0.29	-
5) Interest received		
Kiara Jewellery Pvt. Ltd.	-	0.03
6) Interest Paid		
Shrenuj Investments & Finance Pvt. Ltd.	76.24	8.45
Prest Impex Pvt Limited	5.83	-
7) Sale of Fixed Assets		
Shrenuj Botswana Pty Ltd.	0.89	1.53
Shrenuj Lifestyle Limited	0.67	-
Uxolo Diamond Cutting Works (Pty) Limited	0.11	-
8) Outstanding Receivable		
Shrenuj USA, LLC	508.88	185.65
Shrenuj N.V.	676.52	988.89
Shrenuj DMCC	2,252.96	919.26
Intergems H.K. Ltd.	524.77	492.21
Shrenuj GmbH	148.75	92.40
Shrenuj Jewellery (Far East) Ltd.	442.17	56.09
SHL Gems & Jewellery Ltd.	-	8.86
Alija International Pty. Ltd.	-	0.08

Notes to Accounts

	2011-2012 (Rs. in Million)	2010-2011 (Rs. in Million)		
Shrenuj Japan Corporation	13.36	5.73		
Simon Golub & Sons	325.98	156.01		
Daily Jewellery Ltd.	-	2.91		
Shrenuj Botswana Pty Ltd.	69.95	6.41		
Shrenuj Australia Pty Ltd	-	13.59		
Astral Jewels LLC	9.26	-		
9) Outstanding Payable				
Intergems H. K. Ltd.	81.82	146.51		
Shrenuj Jewellery (Far East) Ltd.	171.14	202.28		
Shrenuj USA, LLC	78.86	19.02		
Shrenuj GmbH	9.21	0.63		
Shrenuj N.V.	1,545.75	1,370.58		
Shrenuj DMCC	1,528.72	532.31		
Simon Golub & Sons	70.05	55.67		
Shrenuj Australia Pty Ltd	-	3.70		
Alija International Pty. Ltd	-	3.98		
Shrenuj Botswana Pty Ltd.	695.52	756.28		
Shrenuj Japan Corporation	4.11	4.64		
Shrenuj Lifestyle Limited	180.80	144.25		
Copem & Shrenuj	12.98	-		
Ithemba Diamonds (Pty) Ltd	73.49	-		
Jomard SAS	2.70	-		
10) Goods sent on consignment				
Shrenuj N.V.	59.88	-		
Shrenuj DMCC	65.38	-		
11) Guarantees outstanding				
Astral Holding Inc	839.36	735.90		
Shrenuj N.V.	2,543.50	2,453.00		
Shrenuj DMCC	2,629.98	869.70		
Intergems H.K. Ltd.	1,404.01	981.20		
SWA Trading Ltd.	152.61	133.80		
Kiara Jewellery Pvt. Ltd.	145.80	145.80		
Simon Golub & Sons	1,017.40	892.00		
Shrenuj Botswana Pty Ltd.	1,297.19	909.84		
Shrenuj U.S.A	152.61	133.80		
Shrenuj Jewellery (Far East) Ltd.	89.02	78.05		
12) Inter Corporate Deposits given				
	Opening Balance	Given during the year	Repaid during the year	Closing Balance
Shrenuj Japan Corporation	8.34	1.17	-	9.51
	(8.40)	-	(0.06)	(8.34)
Astral USA Inc	2.78	0.39	-	3.17
	(2.80)	-	(0.02)	(2.78)
Astral Holding Inc	607.82	54.00	273.77	388.05
	(573.10)	(34.72)	-	(607.82)
Shrenuj Lifestyle Limited	1.51	87.72	-	89.23
	-	(15.30)	(13.79)	(1.51)



13) i) Unsecured Loans received

	Opening Balance	Received during the year	Repaid during the year	Closing Balance
Shrenuj Inv. & Finance Pvt. Ltd.	500.00 (16.70)	12.50 (511.80)	3.20 (28.50)	509.30 (500.00)
Kirtilal K. Doshi	- (47.10)	2.10 -	- (47.10)	2.10 -
Vishal S. Doshi	0.20 (31.60)	248.25 (16.20)	- (47.60)	248.45 (0.20)
Anuj K. Doshi	0.70 (1.87)	- (9.10)	- (10.27)	0.70 (0.70)
Suman K. Doshi	1.50 (11.30)	4.50 (5.50)	- (15.30)	6.00 (1.50)
Shreyas K. Doshi	0.77 (144.35)	289.20 (32.00)	34.20 (175.58)	255.77 (0.77)
Geeta S Doshi	- (0.50)	1.00 -	- (0.50)	1.00 -
Aman Doshi Trust	- -	- (15.00)	- (15.00)	- -
Prest Impex Pvt Ltd	10.00 -	247.00 (20.00)	36.70 (10.00)	220.30 (10.00)

(ii) Details relating to persons referred to in item 3 above

	2011-12	2010-11
1 Remuneration to Directors (Details in Corporate governance report)	38.84	35.13
2 Interest payable to Director	27.42	6.14
3 Interest paid to relative (Mrs. Anjali P. Mehta)	0.00	0.04

As per our Report of even date

For RAJENDRA & CO.,
Chartered Accountants

Akshay R. Shah
Partner

MUMBAI, 28th May, 2012

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Suresh N. Talwar
Nihar N. Parikh
Vishal S. Doshi
Directors

MUMBAI, 28th May, 2012

AUDITOR'S REPORT

To,
The Board of Directors of SHRENUJ & COMPANY LIMITED

1. We have examined the attached Consolidated Balance Sheet of SHRENUJ & COMPANY LIMITED ("the Company") and its Subsidiary Companies (collectively referred to as the 'Group') as at 31st March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding entities. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards 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 misstatements. 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 and the reports of other auditors provide a reasonable basis for our opinion.
3. The financial statements of thirteen subsidiaries, which reflect total assets of Rs.14,022.06 million as at 31st March 2012, total revenues of Rs.17,344.90 million and net cash flows amounting to Rs. 616.63 million for the year then ended and financial statement of six associates in which the share of profit of the Company is Rs. 20.70 million, which have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries/associates, is based solely on their reports.
4. We have relied upon the unaudited financial information as provided by the Management in respect of twelve subsidiary companies, which reflect total assets of Rs.9,666.33 million as at 31st March, 2012, total revenues of Rs.12,106.94 million and net cash flows amounting to Rs.104.22 million for the year then ended and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on such unaudited financial statement / information.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its Subsidiaries and on the other financial information of the components and management accounts referred to in paragraph 4 above, we are of the opinion that the said 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 consolidated state of affairs of the Group as at 31st March, 2012;
 - b) in the case of the Consolidated Statement Profit and Loss, of the consolidated Profit of the Group for the year then ended ; and
 - c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year then ended.

For RAJENDRA & CO.
Chartered Accountants
(Firm Registration No. 108355W)

Akshay R. SHAH
Partner
Membership No: 103316

Mumbai
Dated: 28th May, 2012



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note			(Rs. in million)	
		31 st March 2012		31 st March 2011	
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	1	152.82		151.97	
Reserves and Surplus	2	5,956.15	6,108.97	5,135.52	5,287.49
Minority Interests	3		90.06		108.73
Non-Current Liabilities					
Long-Term Borrowings	4	3,457.58		1,883.22	
Deferred Tax Liabilities (Net)	5	61.26		45.40	
Other Long Term Liabilities	6	20.64		23.39	
Long Term Provisions	7	54.38	3,593.86	55.88	2,007.89
Current Liabilities					
Short-Term Borrowings	8	17,840.84		12,579.65	
Trade Payables	9	5,128.09		5,408.64	
Other Current Liabilities	10	923.23		731.69	
Short-Term Provisions	11	229.01	24,121.17	328.74	19,048.72
Total Equity and Liabilities			33,914.06		26,452.83
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	12	2,612.39		2,527.42	
Intangible assets		241.71		215.16	
Capital Work in Progress		428.34		385.36	
		3,282.44		3,127.94	
Non-current investments	13	198.32		177.27	
Long term loans and advances	14	259.24	3,740.00	100.87	3,406.08
Current Assets					
Current investments	15	1.05		1.18	
Inventories	16	16,479.97		12,708.67	
Trade receivables	17	10,722.48		8,528.89	
Cash and cash equivalents	18	1,717.95		872.35	
Short-term loans and advances	19	1,249.75		931.77	
Other current assets	20	2.86	30,174.06	3.89	23,046.75
Total Assets			33,914.06		26,452.83

Notes to Financial Statements 1 to 44

As per our Report of even date
For RAJENDRA & CO.,
Chartered Accountants

Akshay R. Shah
Partner

MUMBAI, 28th May, 2012

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Suresh N. Talwar
Nihar N. Parikh
Vishal S. Doshi
Directors

MUMBAI, 28th May, 2012

Balance Sheet and Profit & Loss A/c

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note	(Rs. in million)	
		31 st March 2012	31 st March 2011
INCOME			
Revenue from Operations	21	31,505.85	24,565.15
Other Income	22	91.38	111.75
		<u>31,597.23</u>	<u>24,676.90</u>
EXPENSES			
Cost of materials consumed	23	20,386.03	14,598.57
Purchase of Stock in trade	24	8,710.83	7,773.55
Variation in inventory of finished goods & Stock in trade	25	(2,396.67)	(1,758.64)
Employee Benefit Expense	26	1,115.74	898.62
Finance Cost	27	1,171.66	889.13
Depreciation/ Amortisation	28	104.19	87.77
Other Expenses	29	1,670.25	1,518.99
		<u>30,762.03</u>	<u>24,007.99</u>
PROFIT BEFORE TAXATION		835.20	668.91
Less: Provision for Taxation - Current		129.93	124.71
Provision for Deferred Taxation		19.06	1.72
PROFIT AFTER TAXATION		<u>686.21</u>	<u>542.48</u>
Share of Profit/ (Loss) in Associate		20.70	26.57
Share of Profit/ (Loss) transferred to Minority		(3.51)	(0.60)
		<u>703.40</u>	<u>568.45</u>
Earnings per equity share of face value of Rs 2/- each.			
- Basic		9.25	7.50
- Diluted		9.23	7.32

Notes to Financial Statements

1 to 44

As per our Report of even date
For RAJENDRA & CO.,
Chartered Accountants

Shreyas K. Doshi
Chairman & Managing Director

Dr. B. R. Barwale
Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Suresh N. Talwar
Nihar N. Parikh
Vishal S. Doshi
Directors

Akshay R. Shah
Partner

Sanjay M. Abhyankar
Company Secretary

MUMBAI, 28th May, 2012MUMBAI, 28th May, 2012



CONSOLIDATED CASH FLOW OF SHRENUJ & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE YEAR ENDED MARCH 31, 2012

	(Rupees in Million)	
	<u>2011-2012</u>	<u>2010-2011</u>
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and after extraordinary items	835.20	668.91
Adjustments for:		
Depreciation	104.19	87.77
Provision for Leave Encashment	36.89	27.96
(Profit)/Loss on sale of Assets	2.76	0.12
(Profit)/Loss on sale of Investments	0.13	(0.05)
Deferred revenue expenditure	0.56	0.56
Dividend received	(0.11)	(0.08)
Deferred employee compensation	1.90	6.12
Provision for Doubtful Debts and Bad Debts	-	0.17
Interest Expenses (Net)	1,171.66	889.13
Effect of exchange rate change	(240.31)	124.36
	<u>1,077.67</u>	<u>1,136.05</u>
Operating Profit before working capital changes	1,912.87	1,804.96
Adjustments for:		
Trade and Other receivables	(2,598.38)	(1,053.55)
Inventories	(3,771.30)	(3,217.14)
Trade Payables	181.88	1,616.66
Cash generated from operations	(4,274.93)	(849.07)
Direct Taxes paid	(148.74)	(103.65)
Net Cash Flow from operating activities	<u>(4,423.67)</u>	<u>(952.72)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(114.31)	(181.82)
Purchase of Investments	(20.91)	(29.97)
Sale of Fixed Assets	0	42.39
Dividend received	0.11	0.08
Interest Income	43.61	28.27
Net Cash used in investing activities	<u>(91.49)</u>	<u>(141.05)</u>

Cash Flow Statement

	<u>2011-2012</u>	<u>2010-2011</u>
		(Rupees in Million)
(C) CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Share Capital	0.85	1.28
Proceeds from Premium	8.06	12.16
Amalgamation expense	-	(5.11)
Capital contributed by Minority (adjusted for their share of loss)	(22.18)	(14.08)
Increase in Secured Borrowings from Banks	1,574.36	1,545.70
Increase/(Decrease) in Unsecured borrowings	5,023.53	358.24
Interest Paid (Net)	(1,175.09)	(903.71)
Dividends paid	(45.64)	(29.24)
Tax on Dividend	(7.42)	(5.78)
Effects of exchange rate change	4.31	21.20
Net Cash used in financing activities	<u>5,360.78</u>	<u>980.65</u>
Net increase in cash and cash equivalents (A+B+C)	845.60	(113.11)
Opening Balance of Cash and Cash equivalent	872.35	985.46
Closing Balance of Cash and Cash equivalent	1,717.95	872.35

Notes:

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants

Akshay R. Shah
Partner

MUMBAI, 28th May, 2012

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Suresh N. Talwar
Nihar N. Parikh
Vishal S. Doshi
Directors

MUMBAI, 28th May, 2012



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
1. Share Capital		
Authorised		
225,000,000 (225,000,000) Equity Shares of Rs. 2/- each	450.00	450.00
Issued, Subscribed and Paid-up		
76,409,595 (75,984,995) Equity Shares of Rs. 2/- each fully paid-up	152.82	151.97
	152.82	151.97

Notes:

1a) Of the above Equity shares:

- i) 14,122,325 shares were issued pursuant to the scheme of amalgamation without payment being received in cash.
- ii) 6,692,070 shares were issued pursuant to the exercise of option by the holders of Foreign Currency Convertible Bonds.

1b) The Company has reserved 3,131,527 Equity shares of Rs. 2/- each to be issued to eligible employees of the Company and its subsidiary companies under Employee Stock Option Scheme. Upto 31st March, 12, the Company has granted 1,565,763 (P.Y. 1,565,763) options to the eligible employees for subscribing to equivalent numbers of fully paid up equity shares of the Company at a price of Rs. 21/- per share. The option would vest over a period of three years from the date of grant based on specified criteria. During the year, 424,600 (P.Y. 639,850) equity shares have been allotted to eligible employees / Directors of the Company and its subsidiaries on exercise of options. The cumulative options exercised is 1,064,450, upto 31st March, 2012.

1c) Details of shareholders holding more than 5% shares in the Company.

Particulars	31 st March 2012		31 st March 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs. 2/- each fully paid				
Shreyas K. Doshi	11,878,712	15.55%	11,878,212	15.63%
Vishal S. Doshi	5,245,421	6.86%	5,245,421	6.90%
Suman K. Doshi	7,552,125	9.88%	7,552,125	9.94%
Shrenuj Investments & Finance Pvt. Ltd.	14,119,663	18.48%	14,119,663	18.58%
HSBC Private Bank (Suisse) SA	5,088,870	6.66%	5,088,870	6.70%

1d) The reconciliation of the number of share outstanding is set out below:

Particulars	31 st March 2012 No. of shares	31 st March 2011 No. of shares
Equity shares at the beginning of the year	75,984,995	69,322,620
Add: Shares issued on account of Employee Stock Options	424,600	639,850
Add: Shares issued on account of scheme of amalgamation arrangement	-	6,022,525
	76,409,595	75,984,995

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2. Reserves and Surplus	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
Capital reserve		
Balance as per last financial statements	20.33	20.33
Revaluation reserve [Refer note 2(a)]		
Balance as per last financial statements	1,337.28	1,351.11
Less: Transferred to the statement of Profit and Loss	(13.84)	(13.84)
	<u>1,323.44</u>	<u>1,337.28</u>
Amalgamation reserve [Refer note 2(a)]		
Balance as per last financial statements	564.59	30.32
Additions during the year	-	546.66
Less: Amalgamation expense	-	(5.11)
Less: Transferred to the statement of Profit and Loss	(7.28)	(7.28)
	<u>557.31</u>	<u>564.59</u>
Securities premium account		
Balance as per last financial statements	868.04	585.35
Add: Received during the year	10.42	282.69
	<u>878.46</u>	<u>868.04</u>
Share Option outstanding Account		
Balance as per last financial statements	5.14	8.69
Less: Exercised during the year	(2.36)	(3.55)
	<u>2.78</u>	<u>5.14</u>
General reserve		
Balance as per last financial statements	1,067.49	1,031.56
Add: Transfer from Profit and Loss Account	35.00	35.93
	<u>1,102.49</u>	<u>1,067.49</u>
Hedging reserve [Refer note 2(b)]	(6.92)	7.10
Exchange fluctuation reserve	52.69	(149.49)
Surplus as per profit and loss account		
Balance as per last financial statements	1,415.04	1,261.75
Add: Profit for the year	703.40	568.45
Less: Adjusted on amalgamation	-	(326.09)
Less: Appropriations		
Dividends proposed to be distributed to equity shareholders (Rs 0.65 per share) (P.Y Rs 0.60 per share)	(49.79)	(45.73)
Tax on dividend	(8.08)	(7.42)
Transferred to General reserve	(35.00)	(35.93)
	<u>2,025.58</u>	<u>1,415.04</u>
GRAND TOTAL	<u>5,956.15</u>	<u>5,135.52</u>

Notes:

- 2a) The Company had revalued / fair valued its Land and Buildings situated at Mumbai and consequently, there is an additional charge for depreciation of Rs. 13.84 million for the year ended 31st March 2012 (Rs. 13.84 million) and an amount of Rs. 7.28 million (Rs. 7.28 million) has been withdrawn from Revaluation Reserve and Amalgamation Reserve respectively as per the scheme sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated 1st October 2010. This has no impact on the profit for the year.
- 2b) The Company has continued to adopt the principles of AS - 30, "Financial Instruments: Recognition & Measurement" in respect of hedge accounting. Accordingly, in respect of derivative financial instruments which are entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions and which are effective cash flow hedges, the net notional loss on these instruments outstanding as at 31st March 2012, amounting to Rs. 6.92 million (PY notional gain Rs. 7.10 million) is reflected in the Hedging Reserve account.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
3 Minority Interest		
Minority Interest	90.06	108.73
	<u>90.06</u>	<u>108.73</u>

	31 st March 2012 (Rs in million)		31 st March 2011 (Rs in million)	
	Non - Current	Current	Non - Current	Current
4 LONG TERM BORROWINGS :				
Secured Loans				
From Bank				
Term Loan from Banks [Refer note 4(a)]	534.78	224.22	556.83	116.84
Working Capital Term Loan [Refer note 4(b)]	-	71.60	71.60	433.07
From Others				
Term Loan from a company [Refer note 4(c)]	1.79	0.93	2.49	0.93
Unsecured Loans				
- From Directors [Refer note 4(d)]	504.22	-	0.97	-
- Inter Corporate Deposits [Refer note 4(d)] (from Companies under same management)	719.30	-	500.00	-
- From Relatives [Refer note 4 (e)]	54.77	-	44.44	-
- From Others [Refer note 4(e)]	1,642.72	-	706.89	-
	<u>3,457.58</u>	<u>296.75</u>	<u>1,883.22</u>	<u>550.84</u>

Notes:

4a) Term Loan from Banks includes:

- (i) Rs. 470.54 million (P.Y. Rs. 552.34 million) secured by way of second charge on all the Assets, present and future, of the company, excluding assets of Unit I and Unit II of Jewellery Division at Seepz⁺⁺. The loan is collaterally secured by pledge of Company's investment in Astral Holding Inc. and Simon Golub & Sons Inc. These are further guaranteed by some of the Directors in their personal capacity. It carried interest @ Libor +3% p.a (P.Y 12.5%p.a.)
- (ii) Rs. 47.42 million (P.Y. Rs. 66.79 million) secured by way of first charge on all assets, both present and future, of Unit I of Jewellery Division at Seepz⁺⁺. It carries interest @ 6 month Libor + 225bps p.a. The loan is repayable in 18 quarterly installments of USD 0.19 million each along with interest, from December 2008 to March 2013.
- (iii) Rs. 6.59 million (P.Y. Rs. 6.91 million) is secured by hypothecation of specific vehicles.
- (iv) Rs 234.45 million (P.Y. Rs. 47.63 million) Working capital facilities availed by overseas Subsidiaries from their respective bankers are secured against mortgage of properties situated in their respective countries.

4b) Working Capital Term Loan from Banks include:

- (i) Rs. 71.60 million (P.Y. Rs. 357.20 million) secured by way of second charge on all the Fixed Assets, present and future, of the company, excluding assets situated at MIDC Andheri and Seepz ++ unit of the company. The loan is collaterally secured by pledge of shares standing in name of Promoter group in the Company. These are further guaranteed by some of the Directors in their personal capacity. It carries interest @12.75% p.a. The loan is repayable in 7 equal quarterly installments of Rs. 71.40 million each along with interest, commencing from 15 months after first drawdown.
- (ii) Rs. Nil (P.Y. Rs. 147.47 million) secured by hypothecation of stock in trade and book debts of Unit I of Jewellery Division at Seepz⁺⁺. It carried interest @8% p.a.

4c) Term loan from a company is secured by hypothecation of a specific vehicle.

4d) Unsecured loans from Directors and Intercorporate Deposits from Companies are payable over a period of 7 to 10 years and carries interest from 8% to 16.25%.

4e) Unsecured loans from Relatives and Others are payable over a period of 3 to 5 years and same are interest free.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
5 Deferred Tax Liabilities (Net)		
Assets		
Disallowance/Unabsorbed Losses under Income Tax Act	30.67	43.98
	<u>30.67</u>	<u>43.98</u>
Liability		
Depreciation	91.93	89.38
	<u>61.26</u>	<u>45.40</u>
6 Other Long Term Liabilities		
Others (Refer Note 38 (b))	20.64	23.39
	<u>20.64</u>	<u>23.39</u>
7 Long Term Provisions		
Provision for employee benefits	54.38	55.88
	<u>54.38</u>	<u>55.88</u>
8 SHORT TERM BORROWINGS :		
Secured Loans		
From Bank		
Working Capital Loan from Banks [Refer note 8(a)]	17,559.73	12,461.86
Short term loan from banks [Refer note 8(b)]	106.20	7.59
	<u>17,665.93</u>	<u>12,469.45</u>
Unsecured Loans		
From Related Parties		
From Shareholders	9.80	2.20
Inter Corporate Deposits	10.30	10.00
	<u>20.10</u>	<u>12.20</u>
From Others		
From Banks	0.33	-
From Financial Institution	110.00	90.00
Fixed Deposits	16.50	8.00
Others	27.98	-
	<u>154.81</u>	<u>98.00</u>
	<u>17,840.84</u>	<u>12,579.65</u>

Notes:

8a) Working Capital loans from banks are secured as under:

(a) Primarily by hypothecation of stock in trade and book debts.

(b) Collaterally by machinery present and future, and mortgage of premises situated at Mumbai.

(c) Further collaterally by pledge of fixed deposits and guarantee by some of the Directors in their Personal capacity.

8b) Short term loan from banks are secured against Company's Fixed Deposits.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
9 Trade Payables		
Trade Payables	4,972.95	5,310.96
Advance from Customers	155.14	97.68
	<u>5,128.09</u>	<u>5,408.64</u>
10 Other Current Liabilities		
Current maturities of long term debt (Secured):		
Term Loan from Banks [Refer note 4(a)]	224.22	116.84
Working Capital Term Loan from Banks [Refer note 4(b)]	71.60	433.07
Term Loan from a company [Refer note 4(c)]	0.93	0.93
Duties & Taxes payable	34.28	8.31
Unpaid Dividend*	2.72	2.67
Deposits	1.29	1.29
Interest accrued but not due	22.95	6.37
Interest accrued & due	17.23	7.32
Income received in advance	20.67	2.40
Temporary Overdraft	37.30	20.85
Creditors for capital expenditure	11.26	3.99
Other Payables**	478.78	127.65
	<u>923.23</u>	<u>731.69</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
** Other payables mainly includes statutory dues, liability for expenses etc.		
11 Short Term Provisions		
Taxation	129.93	245.05
Provision for employee benefits	41.22	30.67
Proposed dividend	49.79	45.61
Tax on proposed dividend	8.08	7.40
	<u>229.01</u>	<u>328.74</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

12 Fixed Asset

(Rs in million)

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As At 01/04/2011	Additions/ Adjustments	Deduction	As At 31/03/2012	As At 01/04/2011	For the Year	Deduction	As At 31/03/2012	As At 31/03/2012	As At 31/03/2011
I Tangible Assets										
(i) Own Assets										
Freehold Land	675.46	25.99	-	701.45	-	-	-	-	701.45	675.46
Leasehold Land	72.08	-	-	72.08	1.91	0.28	-	2.19	69.89	70.17
Building*	1,274.34	61.19	24.61	1,310.92	83.93	54.11	0.10	137.94	1,172.98	1,190.41
Leasehold improvements	45.13	12.71	-	57.84	31.54	10.72	-	42.26	15.58	13.59
Plant and Equipment	370.85	61.81	2.31	430.35	100.72	21.34	2.26	119.80	310.55	270.13
Electrical Installations	74.98	0.71	-	75.69	25.32	3.59	-	28.91	46.78	49.66
Office Equipment	288.73	60.88	0.49	349.12	169.94	31.11	1.86	199.19	149.92	118.78
Furnitures & Fixtures	223.15	13.48	7.62	229.01	121.09	16.27	4.21	133.15	95.86	102.06
Vehicles	65.46	22.19	14.67	72.98	31.43	6.74	11.76	26.41	46.57	34.03
Yacht	4.45	-	-	4.45	1.31	0.32	-	1.63	2.82	3.14
TOTAL (A)	3,094.61	258.96	49.70	3,303.87	567.19	144.48	20.19	691.48	2,612.39	2,527.42
II Intangible Assets										
Computer Software	43.00	8.11	0.64	50.47	27.60	9.37	0.35	36.62	13.85	15.40
Trademarks	146.62	22.98	-	169.60	5.39	0.78	-	6.17	163.43	141.23
Technical Knowhow	8.11	-	-	8.11	3.11	1.62	-	4.73	3.38	5.00
Goodwill	53.52	7.52	-	61.04	-	-	-	-	61.04	53.52
TOTAL (B)	251.25	38.61	0.64	289.22	36.10	11.77	0.35	47.52	241.71	215.16
III Capital Work-in-progress										
Building Under Construction	385.36	42.98	-	428.34	-	-	-	-	428.34	385.36
TOTAL (C)	385.36	42.98	-	428.34	-	-	-	-	428.34	385.36
Total [A + B + C]	3,731.23	340.55	50.34	4,021.44	603.29	156.25	20.54	739.00	3,282.44	3,127.94
Previous Year	2,021.65	1,766.90	57.31	3,731.24	509.20	108.89	14.79	603.29	3,127.94	-

Note:

- a) Building includes Rs. 3250/- being the cost of shares in Co-operative Housing Society.
b) Gross Block & CWIP includes Rs. 1,351.11 million added on revaluation of Land, Building and Office Premises as at 1st April 2010 based on reports issued by independent valuer. Refer note 2 (a).

31st March 2012 31st March 2011
(Rs in million) (Rs in million)

13 Non-Current Investments

Trade Investments

In Associate companies - Unquoted

2,810,000 (2,810,000) Equity Shares of Kiara Jewellery Pvt. Ltd.

of Rs.10/- each fully paid up

61.70

46.28

2,500 (2,500) Equity Shares of Jomard SAS fully paid up

126.42

120.82

100 (100) Equity Shares of Copem & Shrenuj fully paid up

2.60

1.75

100 (100) Equity Shares of SWA Trading Ltd. fully paid up

6.86

7.34

100 (100) Equity Shares of Trapz LLC fully paid up

-

-

350,000 (350,000) Equity Shares of Arisia Jewellery Pvt. Ltd.

of Rs.10/- each fully paid up

0.88

1.58

198.47

177.77

Less : Share of Loss in Trapz LLC

3.08

3.08

195.38

174.69

Other Investments

150,757 (150,757) Intercontinental jewellery Manufacturing Public Co. Ltd, Thailand

0.51

0.45

Others

2.42

2.14

2.94

2.59

Total**198.32****177.27**Aggregate of Unquoted Investments - At Book Valuest

198.32

177.27



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
14 Long term loans and advances		
Secured Advances / Deposits		
Deposit with Government Authorities	0.60	0.60
Unsecured Advances		
Capital Advances	6.71	7.51
Security Deposits	26.34	21.27
Loans and Advances to Associates	32.26	28.50
Other Loans and Advances	193.33	42.99
	<u>259.24</u>	<u>100.87</u>
15 Current Investments		
Other Investments		
Others- Unquoted		
2,500 (2,500) Equity Shares of Saraswat Co-Operative Bank Ltd. of Rs.10/- each fully paid up	0.03	0.03
165 (165) Equity Shares of Global Trendz Retail (P) Ltd.*	0.12	0.12
Mutual funds - Quoted		
13,085.58 units of Birla Sun Life Equity Fund	1.00	1.00
11713.442 units of Kotak Select Focus Fund-G	0.20	0.20
(Erstwhile 20000 units of Kotak Indo World Infra Fund-G)	1.20	1.20
Less : Provision for diminution in value of Investment	0.29	0.16
	<u>0.91</u>	<u>1.04</u>
	<u>1.05</u>	<u>1.18</u>
Aggregate of quoted Investments - At cost	1.20	1.20
Aggregate of quoted Investments - At Market Value	0.91	1.04
Note : Scheme of Kotak Indo World Infra Fund merged with Kotak Select Focus Fund w.e.f. 10-09-2011		
16 Inventories		
(As valued, verified and certified by the Management)		
Raw materials	5,440.41	4,057.90
Stock in Trade	4,132.34	1,280.66
Finished goods	6,899.23	7,354.23
Stores, Spares etc.	7.98	15.87
	<u>16,479.97</u>	<u>12,708.67</u>
17 Trade Receivables		
Outstanding for over six months		
Considered Good	482.41	339.07
Considered Doubtful	6.36	0.08
	<u>488.77</u>	<u>339.15</u>
Less : Provision for doubtful debts	6.36	0.08
	<u>482.41</u>	<u>339.07</u>
Other Debtors		
Considered Good [Refer note 17(a)]	10,240.07	8,189.82
	<u>10,722.48</u>	<u>8,528.89</u>
17 a) Debts due from Company under the same management:		
SHL Gems and Jewellery Limited	1.01	8.86

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
18 Cash and Bank Balances		
Cash on hand	4.10	4.14
Balance with Scheduled Banks		
Current Accounts*	1,010.77	373.26
Fixed Deposits**	309.52	196.04
Bank Deposits with more than 12 months maturity	8.63	40.15
Margin Deposit Accounts	384.93	258.76
	<u>1,717.95</u>	<u>872.35</u>
*Includes unclaimed dividend Rs. 2.72 million (P.Y. Rs. 2.67 million)		
**Includes Rs. 195.07 million (P.Y. Rs. 196.04 million pledged with Banks as security)		
19 Short term loans and advances		
A. Unsecured Advances		
Advance Taxes (Net of Provision)	117.35	213.66
Sales Tax/ Service Tax Refundable	61.04	43.53
Interest Receivable	5.30	-
Deposits	13.10	44.18
Prepaid Expenses	67.66	38.54
Advance to Suppliers	456.94	163.13
Others*	528.36	428.73
	<u>1,249.75</u>	<u>931.77</u>
*Includes Loan to Employees, other advances, advance for expenses & services etc.		
20 Other current assets		
Preliminary expenses to the extent not written off	2.86	3.89
	<u>2.86</u>	<u>3.89</u>
21 Sales and Services		
Sale of Products	31,252.19	24,309.18
Service charges	6.73	5.48
Other Operating Revenues	246.93	250.49
	<u>31,505.85</u>	<u>24,565.15</u>
22 Other Income		
Consultancy fees	0.43	-
Rent	11.80	6.40
Dividend Income	0.11	0.08
Commission Income	-	20.97
Profit on sale of assets	0.11	1.27
Profit on sale of Investments	-	0.23
Other Non-operating Income	78.93	82.80
	<u>91.38</u>	<u>111.75</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
23 Cost of Raw Materials Consumed		
Raw Material Stock at commencement	4,057.90	2,605.35
Add: Purchases	21,906.74	16,259.57
	<u>25,964.64</u>	<u>18,864.92</u>
Less: Sale of raw materials	138.20	208.46
Stock at close	5,440.41	4,057.90
	<u>5,578.61</u>	<u>4,266.35</u>
	<u>20,386.03</u>	<u>14,598.57</u>
24 Purchase of finished goods	<u>8,710.83</u>	<u>7,773.55</u>
25 Variation in stock of finished goods		
Stock at commencement	8,634.90	6,876.26
Less: Stock at close	11,031.57	8,634.90
	<u>(2,396.67)</u>	<u>(1,758.64)</u>
26 Employee Benefit Expenses		
Salaries, Wages, Allowances & Other Benefits	947.72	760.91
Directors Remuneration (Refer note 44)	36.50	21.53
Contribution to PF & Other Funds	62.58	44.31
Staff Welfare expenses	67.04	65.75
Employee Stock Option Scheme	1.90	6.12
	<u>1,115.74</u>	<u>898.62</u>
27 Finance Cost		
Interest Expense		
On Term loan	90.28	197.71
To Banks	906.17	631.03
To Others	194.38	66.21
	<u>1,190.83</u>	<u>894.94</u>
Other Borrowing Cost	24.44	22.45
Less : Interest received	43.61	28.27
	<u>1,171.66</u>	<u>889.13</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 st March 2012 (Rs in million)	31 st March 2011 (Rs in million)
28 Depreciation and Amortisation expenses		
Depreciation of tangible assets	114.76	98.34
Amortisation of intangible assets	10.55	10.55
	<u>125.31</u>	<u>108.89</u>
Less: Transfer from Revaluation Reserve	13.84	13.84
Less: Transfer from Amalgamation Reserve	7.28	7.28
	<u>104.19</u>	<u>87.77</u>
29 Other Expenses:		
Manufacturing Expenses:		
Stores and spares consumed	53.91	46.48
Power and fuel	36.75	38.32
Subcontracting charges / Processing expenses	366.15	317.76
Rent	30.40	36.75
Rates and taxes	4.89	3.31
Building repairs	1.73	-
Machinery repairs	2.71	3.15
Other manufacturing expenses	37.05	44.14
	<u>533.59</u>	<u>489.91</u>
Selling and Distribution Expenses		
Marketing / Advisory Expenses	8.11	10.26
Freight and forwarding charges	87.31	42.04
Sales promotion Expenses	36.49	26.86
Advertisement Expenses	99.29	60.88
Brokerage & Commission	187.71	157.86
Other Selling and Distribution expenses	84.08	134.16
	<u>502.99</u>	<u>432.07</u>
Miscellaneous Expenses		
Insurance	57.72	53.62
Other repairs	27.52	23.85
Legal and professional charges	74.79	75.73
Sundry expenses	274.33	298.32
Remuneration to Auditors	7.23	3.42
Donations	5.87	3.87
Bank Charges	170.97	93.60
Loss on sale / discarded Assets	2.87	1.62
Provision for diminution in investments	0.13	0.05
Provision for doubtful debts	-	0.17
Preliminary expenses written off	-	0.56
Prior period expenses	12.24	42.21
	<u>633.67</u>	<u>597.01</u>
	<u>1,670.25</u>	<u>1,518.99</u>



NOTES FORMING PARTS OF THE ACCOUNTS

30. Statement of Accounting Policies

a. Basis of Accounting

The financial statements are prepared under the historical cost convention and comply with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b. Principles of consolidation

The consolidation financial statement relate to Shrenuj & Company Limited (SCL) ("the Company") and its Subsidiary Companies. The consolidated financial statements have been prepared on the following basis: -

- The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with the Accounting Standard AS21 - Consolidated financial Statements.
- In respect of Foreign subsidiaries consolidation is done based on Audited / Unaudited financial statements prepared according to the IFRS / Generally Accepted Accounting Principles (GAAP) in their respective countries of origin and no re-statement is done for the same based on Indian GAAP. Subject to the above, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent practicable.
- The excess/deficit of cost to the Company of its investment in the Subsidiary Companies is recognised in the financial statements as Goodwill / Capital Reserve.
- In case of foreign subsidiary being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the period. All Assets and Liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized as exchange fluctuation reserve in the Balance Sheet.
- Minority interest's share of net profit for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholder of the company.
- Minority interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated Balance Sheet separate from liabilities and equity of the Company's shareholders.
- Investment in Associates have been accounted under the Equity method of accounting as per AS23 "Accounting for Investment in Associates in Consolidated Financial Statement".

c. Other Significant Accounting Policies

These are set out in the notes to accounts under "Statement of Accounting Policies" of the Financial Statements of the Company, and subsidiary companies.

31. The Subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Origin	% Equity Share Capital held as at 31.03.2012	Parent Company
Daily Jewellery Ltd.	Hong Kong	75%	SCL
Shrenuj (Mauritius) Pvt. Ltd.	Mauritius	100%	SCL
Astral USA, Inc (ASTRAL)	USA	100%	SCL
Shrenuj USA LLC (SUSA)	USA	100%	ASTRAL
Bernie's International LLC (Bernie)	USA	60%	ASTRAL

Notes to Accounts

Name of the Company	Country of Origin	% Equity Share Capital held as at 31.03.2012	Parent Company
Astral Jewels LLC (AJL)	USA	100%	ASTRAL
Shrenuj Japan Corporation (SJC)	Japan	100%	SCL
Shrenuj DMCC (SDMCC)	UAE	100%	SCL
Shrenuj Jewellery (Far East) Ltd. (JOS)	Hong Kong	100%	SMPL
Intergems H.K. Ltd. (INTERGEMS)	Hong Kong	85%	SMPL
Shrenuj GmbH (SGMBH)	Germany	100%	SMPL
Lume Group AG (LUMEAG)	Switzerland	100%	SMPL
Shrenuj Australia Pty. Ltd. (SAPL)	Australia	100%	SMPL
Shrenuj N.V. (SNV)	Belgium	100%	SMPL
Shrenuj Lifestyle Ltd (SLL)	India	100%	SCL
Shrenuj Overseas Limited (SOL)	India	100%	SCL
Shrenuj Botswana Pty Ltd (SBPL)	Botswana	100%	SMPL
Shrenuj South Africa Pty Ltd (SSAP)	South Africa	100%	SMPL
Alija International Pty. Ltd. (ALIJA)	Australia	100%	SMPL
Ithemba Diamonds (Pty) Ltd. (IDPL)	South Africa	85%*	SSAP
Uxolo Diamond Cutting Works (Pty) Ltd. (UDCL)	South Africa	85%*	SSAP
Astral Holding INC (AHL)	USA	100%	SCL
Simon Golub & Sons Inc. (SGS)	USA	90.02%	AHL
Global Marine Diamond Corporation (GMDC)	USA	100%	DMCC
Shrenuj Shanghai Ltd.	China	100%	INTERGEMS

* 15% Shares held by Employee Trust with no profit sharing.

32. The significant Associate companies considered in the consolidated financial statement are:

Name of the Company	Country of Origin	% Equity Share Capital held as at 31.03.2012	Investee Company
Kiara Jewellery Pvt. Ltd. (KIARA)	India	50%	SCL
Arisia Jewellery Pvt. Ltd. (ARISIA)	India	50%	SCL
Trapz LLC (TRAPZ)	USA	33.34%	ASTRAL
Jomard SAS	France	50%	SMPL
SWA Trading Ltd.	Israel	33.34%	SMPL
Copem & Shrenuj	Italy	50%	SMPL



- 33 (i) As in the previous year, the Company has continued to adopt the principles of AS - 30, "Financial Instruments: Recognition & Measurement" in respect of hedge accounting. Accordingly, in respect of derivative financial instruments which are entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions and which are effective cash flow hedges, the net notional loss on these instruments outstanding as at 31st March, 2012, amounting to Rs. 6.92 Million (previous year notional gain Rs. 7.09 Million) is reflected in the Hedging Reserve account.
- (ii) The Company, in accordance with its risk management policies and procedures, enters into derivative instruments (option contracts & forward contracts) to manage its exposure to foreign exchange rates. The counter party is generally a bank.

The Company has following outstanding derivative instruments as on 31st March, 2012:

Year	Number of Contracts	Notional	Fair Value Gain/(Loss)	Maturity period
Current Year	11	USD 13.45 million	Rs. (6.92) Million	Up to 2 yrs
Previous Year	17	USD 14.46 million	Rs. 13.94 Million	Up to 3 yrs

Subsequent to the balance sheet date (before finalising the accounts), the Company has utilised / cancelled forward contracts of USD Nil (USD 8.00 million) without incurring any loss. The notional Mark to Market gain of Rs Nil (Rs. 6.85 Million) on such contracts as on 31st March is therefore not reflected in the Hedging Reserve. The balance net Mark to Market gain / (loss) of Rs (6.92) Million (previous year gain of Rs. 7.09 Million) has been reflected in the Hedging Reserve.

In addition to the above cash flow hedges, the Company has outstanding derivative instruments aggregating to Rs. 6304.88 Million (Rs. 2457.68 Million) whose fair value showed a net loss of Rs. 169.05 Million (P.Y gain of Rs. 26.98 Million) and which is accounted for in the Profit and Loss Account.

As of balance sheet date, the Company has net foreign currency exposures that are not hedged by a derivative instrument or otherwise amounting to Rs. 5,261.01 Million (P.Y 1,959.33 Million) representing receivables and Rs. 13,161.35 Million (Rs. 7581.44 Million) representing payables.

B. Commodity Hedging:

The Company enters into Gold Futures and Options contracts to hedge its commodity related risk. The net outstanding position at the end of the year is Nil (P.Y 40,800 grams). The MTM gain/loss of Nil (P.Y Rs. 1.89 Million) has been accounted for in the Profit and Loss Account.

34. The audited / unaudited financial statements of subsidiaries incorporated outside India are prepared according to International Financial Reporting Standards or Reporting Standard in their country of residence and for the purpose of consolidation, restatement of the said financial statements to Indian GAAP has not been done.
35. For the purpose of consolidation, Astral USA Inc, Astral Jewels, Shrenuj USA, Astral Holding, GMDC, Lume Group AG, Shrenuj South Africa, Shrenuj N.V., Ithemba Diamonds (Pty) Ltd., Uxolo Diamond Cutting Works (Pty) Ltd., Bernie's International LLC and Shrenuj Mauritius Pvt Ltd un-audited financial statements adopted by the respective Board have been considered.
36. The Consolidated Financial statements have been prepared in accordance with Accounting Standard AS-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
37. Commitments under Operating Leases:

The Notes to financial statement of Inter-Gems H.K. Ltd state that at the end of the reporting period, the Company as a lease had a total future minimum lease payment payable under non-cancellable operating lease as set out below:

	(Rs. in Million)	
	<u>March 2012</u>	<u>March 2011</u>
Land & Buildings		
- Within 1 year	2.33	5.71
- In the 2 nd to 5 th year inclusive	-	3.42
	<u>2.33</u>	<u>9.13</u>

38. The Notes to the consolidated financial statement of SGS states that:

- a. Goodwill represents the excess cost of acquiring the assets of C & A Diamonds International, LLC, over the fair value of net assets acquired at the date of acquisition. The Company evaluates goodwill annually to determine potential impairment by examining the carrying amount of the assets to determine if the carrying amount is recoverable and by comparing the carrying amount to the assets fair market value.
- b. During 2005, the Company entered into a sale-leaseback arrangement relating to its operating facility. The Company was a 25% general partner in the partnership which sold the facility in 2005. Following the sale, the Company leased back the property under a ten year operating lease. The Company accounted for the arrangement under the full accrual method. Accordingly, the deferred gain of \$1,147,921 (Rs. 58.39 million) is being amortized and recognized over the term of the lease. A gain in the amount of \$118,750 (Rs. 6.04 million) is reported under other income in the Statements of Operations for the fiscal years ended March 31, 2012 and 2011.

	<u>2011-2012</u> (Rs. in Million)	<u>2010-2011</u> (Rs. in Million)
39 a) Interest (others) is net of interest received	21.85	20.94
b) Exchange Fluctuations on monetary items (Net) Credited/(Debited) to Profit and Loss Account	(240.31)	(226.21)
40 Contingent Liabilities not provided for in respect of:		
a) Guarantees given by the Company on behalf of Associates in respect of Advances granted by Banks	298.41	279.60
b) Disputed Income Tax Liabilities not provided for	98.73	13.60
c) Disputed Sales Tax Liabilities not provided for	0.38	0.38
d) Corporate Guarantee executed in favor of Third Party	21.81	23.82
e) Bond executed for import of Capital goods	16.49	16.49
f) Letter of Credit against import of goods	1135.06	1542.47
g) Estimated amount of contracts remaining to be executed on capital account	13.92	-
41 Earnings Per Share		
i) Profit after Tax available for Equity shareholders	703.40	568.45
ii) Weighted average number of equity shares For Basic & Diluted	76,409,595	75,824,810
iii) Earnings Per Share of Rs.2/- each Basic & Diluted Rs.	9.25	7.50

42 Previous year's figures have been re-grouped and/or rearranged wherever necessary.



43 Segment Information for the year ended March 31, 2012

(i) Information about Primary Business Segments (Rupees in Million)

	Diamond	Jewellery	Un-allocated	Elimination	Total
Revenue					
External	24180.25 (18396.71)	8442.23 (6533.08)	- -	1116.63 (364.64)	31505.85 (24565.15)
Result					
Segment result	1476.03 (1208.60)	530.83 (391.65)	- -	- -	2006.86 (1600.25)
Unallocated income/ (expenditure) (net)	0.00	0.00	- (42.21)	- -	0.00 (42.21)
Interest expenses	941.25 (724.26)	274.03 (193.14)	- -	- -	1215.27 (917.40)
Interest income	25.84 (17.43)	17.77 (10.84)	- -	- -	43.61 (28.27)
Profit before taxation	560.62 (501.77)	274.58 (209.35)	0.00 (42.21)	- -	835.20 (668.91)
Provision for taxation - Current tax and Fringe Benefit Tax	-	-	-	-	129.93 (124.71)
- Deferred tax	-	-	-	-	19.06 (1.72)
Profit after taxation					686.21 (542.48)
Minority interest					(3.51) (0.60)
Share in profits of Associates					20.70 (26.57)
Profit for the year					703.40 (568.45)
Other Information					
Segment assets	24945.83 (19447.57)	8850.88 (6797.08)	0.00 (3.89)	- -	33796.71 (26248.53)
Segment liabilities	21119.16 (15785.52)	6257.48 (4880.36)	147.89 (95.14)	- -	27524.53 (20761.03)
Share Capital and Reserves	-	-	6108.97 (5291.70)	- -	6108.97 (5291.70)
Minority interest	-	-	90.06 (108.73)	- -	90.06 (108.73)

Notes to Accounts

(Rs. in Million)

	Diamond	Jewellery	Un-allocated	Elimination	Total
Provision for taxation less payments	-	-	12.58 (31.40)	- -	12.58 (31.40)
Unclaimed dividend and proposed dividend incl. Tax on Dividend	-	-	60.57 (55.68)	- -	60.57 (55.68)
Total of Segment Liabilities	21119.16 (15785.52)	6257.48 (4880.36)	6420.07 (5582.65)	- -	33796.71 (26248.53)
Capital expenditure (including Work in Progress)	412.72 (376.34)	15.62 (9.02)	-	- -	428.34 (385.36)
Depreciation (net)	61.22 (48.71)	42.98 (39.06)	-	- -	104.19 (87.77)
Non-cash expenses other than depreciation			2.86 (3.55)	- -	2.86 (3.55)

(ii) Information about Secondary Business Segments (Rs. In Million)

Revenue by geographical market	Within India	Outside India	Elimination	Total
External	3328.90 (3885.41)	28176.95 (20679.75)	- -	31505.85 (24565.15)
Carrying amount of segment assets	833.11 (1397.72)	9889.37 (7131.17)	- -	10722.48 (8528.89)

(iii)

(i) The Company is organised into two main business segments, namely:

Diamonds - representing Cutting and Polishing of Diamonds

Jewellery - representing Diamond studded Gold/Platinum jewellery

Segments have been identified and reported taking into account the nature of products the differing risks and returns, the organisation structure, and the internal financial reporting systems.

(ii) Segment Revenue in each of the above domestic business segments primarily includes sales, processing charges in the respective segments.

(iii) The Segment Revenue in the geographical segments considered for disclosure are as follows:

(a) Revenue Local includes sales & services to customers located within India.

(b) Revenue Exports includes sales to customers located outside India.

(iv) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocable on a reasonable basis

44 Related Party transactions:

As per the Directors

1) Associates :

Kiara Jewellery Pvt. Ltd.

Arisia Jewellery Pvt. Ltd.

Jomard SAS

SWA Trading Ltd.

Copem & Shrenuj

Trapz, LLC

SHL Gems & Jewellery Ltd.

K. K. Doshi & Co.

Shrenuj Investments & Finance Pvt. Ltd.



2) Key Management Personnel and their relatives:

Shri Shreyas K. Doshi	Chairman and Managing Director
Shri Nihar N. Parikh	Executive Director
Shri Vishal S. Doshi	Group Executive Director
Mrs. Anjali P. Mehta	Relative

The Following transactions were carried out with related parties in the ordinary course of business:

(i) Details relating to parties referred to in items 1 and 2 above:

	2011-2012 (Rs. in Million)	2010-2011 (Rs. in Million)		
1) Purchase of Raw Materials / Finished goods				
Jomard SAS	0.46	2.20		
SWA Trading Ltd.	18.97	5.78		
Kiara Jewellery Private Limited	3.30	5.43		
SHL Gems & Jewellery Limited	-	0.09		
Copem & Shrenuj	12.38	-		
K. K. Doshi & Co.	60.00	-		
2) Sale of Raw Materials / Finished goods				
SHL Gems & Jewellery Ltd.	-	2.98		
Kiara Jewellery Pvt. Ltd.	0.01	53.91		
3) Interest received				
Kiara Jewellery Pvt. Ltd.	-	0.03		
4) Interest Paid				
Shrenuj Investments & Finance Pvt. Ltd.	76.24	8.45		
Prest Impex Pvt Limited	5.83	-		
5) Outstanding Receivable				
SHL Gems & Jewellery Ltd.	-	8.86		
6) Outstanding Payable				
Copem & Shrenuj	12.98	-		
Jomard SAS	2.70	-		
7) Guarantees outstanding				
SWA Trading Ltd.	152.61	133.80		
Kiara Jewellery Pvt. Ltd.	145.80	145.80		
8) Inter Corporate Deposits given	Opening Balance	Given during the year	Repaid during the year	Closing Balance
Copem & Shrenuj	3.22 (0.45)	0.42 (2.77)	- -	3.64 (3.22)
SWA Trading Ltd.	25.28 (25.28)	3.34 -	- -	28.62 (25.28)

Notes to Accounts

9) i) Unsecured Loans received	Opening Balance	Received during the year	Repaid during the year	Closing Balance
Shrenuj Inv. & Finance Pvt. Ltd.	500.00 (16.70)	12.50 (511.80)	3.20 (28.50)	509.30 (500.00)
Kirtilal K. Doshi	- (47.10)	2.10 -	- (47.10)	2.10 -
Vishal S. Doshi	0.20 (31.60)	248.25 (16.20)	- (47.60)	248.45 (0.20)
Anuj K. Doshi	0.70 (1.87)	- (9.10)	- (10.27)	0.70 (0.70)
Suman K. Doshi	1.50 (11.30)	4.50 (5.50)	- (15.30)	6.00 (1.50)
Shreyas K. Doshi	0.77 (144.35)	289.20 (32.00)	34.20 (175.58)	255.77 (0.77)
Geeta S Doshi	- (0.50)	1.00 -	- (0.50)	1.00 -
Aman Doshi Trust	- -	- (15.00)	- (15.00)	- -
Prest Impex Pvt Ltd	10.00 -	247.00 (20.00)	36.70 (10.00)	220.30 (10.00)

(ii) Details relating to persons referred to in item 3 above

(Rs. In Million)

	2011-2012	2010-2011
1 Remuneration to Directors (Details in Corporate governance report)	38.84	35.13
2 Interest payable to Director	27.42	6.14
3 Interest paid to relative (Mrs. Anjali P. Mehta)	-	0.04

As per our Report of even date
For RAJENDRA & CO.,
Chartered Accountants

Akshay R. Shah
Partner

MUMBAI, 28th May, 2012

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Suresh N. Talwar
Nihar N. Parikh
Vishal S. Doshi
Directors

MUMBAI, 28th May, 2012

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Million)

Sr No.	Name of the Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Income	Profit Before Taxation	Provision For Taxation	Minority Interest	Share of Profit/ (Loss) in Associates	Profit after Taxation	Proposed Dividend
1	Shrenuj Overseas Ltd	0.50	0.74	3.76	3.76	-	12.69	0.35	0.34	-	-	0.01	-
2	Shrenuj Life Style Limited	0.50	(6.07)	269.41	269.41	-	121.10	(5.29)	(0.01)	-	-	(5.28)	-
3	Daily Jewellery Ltd (Hong Kong)	22.12	(76.91)	293.23	293.23	0.03	149.98	0.18	-	0.04	-	0.13	-
4	Shrenuj DMCC (Dubai)	133.14	1,270.33	5,148.76	5,148.76	43.75	7,733.35	321.27	-	-	-	321.27	-
5	Shrenuj Japan Corporation	4.10	(25.79)	4.25	4.25	-	3.84	0.43	0.04	-	-	0.39	-
6	Shrenuj (Mauritius) Pvt Ltd	566.48	(25.36)	1,830.20	1,830.20	1,310.37	-	5.10	-	-	0.37	5.48	-
7	Shrenuj Jewellery (Far-East) Ltd	4.95	42.86	727.90	727.90	-	1,246.61	5.20	1.24	-	-	3.96	-
8	Shrenuj South Africa Pty Ltd	31.78	(0.84)	55.36	55.36	5.08	(4.97)	(5.37)	0.02	-	-	(5.39)	-
9	Shrenuj Botswana Pty Ltd	30.10	33.49	1,798.88	1,798.88	133.80	1,807.83	20.88	-	-	-	20.88	-
10	Intergems H.K.	2.87	55.18	2,452.07	2,452.07	12.26	3,478.06	26.59	5.73	(3.25)	-	17.62	-
11	Shrenuj (Shanghai) Diamonds Pvt Ltd	8.16	17.43	413.27	413.27	-	538.66	9.63	2.42	(1.08)	-	6.12	-
12	Shrenuj NV	962.21	271.64	5,107.40	5,107.40	0.31	10,808.66	22.64	4.87	-	-	17.77	-
13	Shrenuj GMBH	1.35	(10.50)	224.36	224.36	-	156.38	3.34	-	-	-	3.34	-
14	Lume Group AG	43.63	45.78	193.77	193.77	-	-	14.31	-	-	-	14.31	-
15	Shrenuj Australia Pty Ltd	0.00	(19.47)	11.21	11.21	-	30.96	(9.41)	-	-	-	(9.41)	-
16	Astral USA, Inc	173.80	(35.43)	174.49	174.49	49.24	-	(2.64)	-	-	-	(2.64)	-
17	Astral Jewels LLC	9.99	(32.90)	24.87	24.87	-	23.92	12.50	-	-	-	12.50	-
18	Shrenuj USA LLC	44.97	83.33	935.40	935.40	-	902.21	5.47	-	-	-	5.47	-
19	Bernies International LLC	2.61	(8.07)	27.07	27.07	-	43.89	(7.74)	-	3.10	-	(10.85)	-
20	Astral Holding INC	252.48	(371.55)	1,151.09	1,151.09	1,042.24	-	(23.67)	-	-	-	(23.67)	-
21	Simon Golub & Sons INC	10.88	1,004.66	2,636.80	2,636.80	-	2,065.23	48.73	18.28	(2.24)	-	28.22	-
22	Alija International Pty Ltd	0.00	(18.56)	38.16	38.16	-	0.21	(1.19)	-	-	-	(1.19)	-
23	Global Marine Diamond Company	38.58	24.91	64.10	64.10	-	-	(0.29)	-	-	-	(0.29)	-
24	Ithemba Diamonds (Pty) Limited	2.03	(20.15)	91.27	91.27	-	329.16	(17.54)	-	-	-	(17.54)	-
25	Uxolo Diamond Cutting Works	1.85	(7.85)	35.34	35.34	-	23.13	(7.78)	0.05	-	-	(7.83)	-

Exchanged Rate Used

For Daily Jewellery Ltd. (Hong Kong), Shrenuj Jewellery (Far East) Ltd.

For Shrenuj Japan Corporation

For Shrenuj Shanghai

For Shrenuj GMBH

For Lume Group AG

For Shrenuj Australia, Alija Intl.

For Shrenuj South Africa, Ithemba, Uxolo

For Intergems HK, Shrenuj (Mauritius) Pvt. Ltd., Astral USA Inc., Astral Jewels LLC, Shrenuj USA LLC,

Shrenuj DMCC, Shrenuj NV, Bernies Intl., Astral Holding Inc., Astral Golub & Sons Inc., GMDC, Shrenuj Botswana

1 HK\$ = 6.5509

1 YEN = 0.614

1 RMB Yuan = 8.0791

1 EURO = 67.8606

1 CHF = 56.4282

1 AUS\$ = 52.5945

1 RAND = 6.6367

1 USD = 50.87



SHRENUJ

HERITAGE • INNOVATION • PASSION





INDIA . AUSTRALIA . BELGIUM . BOTSWANA . CHINA . FRANCE . GERMANY . HONG KONG
ISRAEL . ITALY . JAPAN . SOUTH AFRICA . UAE . UNITED STATES