

## NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting of the Members of SHRENUJ & COMPANY LIMITED will be held on Wednesday, 7<sup>th</sup> August, 2013 at 11.00 A.M. at Chavan Centre, 4<sup>th</sup> Floor, Rangaswar, General Jaganath Bhosale Marg, Mumbai – 400 021 to transact the following businesses:

### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2013 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31<sup>st</sup> March, 2013.
3. To appoint a Director in place of Shri Minoo R. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Surendra A. Dave, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Vishal S. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass with or without modification(s) as an ORDINARY RESOLUTION the following:-

“RESOLVED THAT M/s. Rajendra & Co., Chartered Accountants, bearing Firm Registration No. 108355W, having its office at 1311, Dalamal Tower, 211 Free Press Journal Marg, Nariman Point, Mumbai - 400021, be and they are hereby appointed as Auditors of the Company for the financial year commencing on 1<sup>st</sup> April, 2013 to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be decided and agreed to by the Audit Committee of the Company with the Auditors plus out of pocket expenses incurred by them for the purpose of audit for the year ending 31<sup>st</sup> March, 2014.”

### Special Business:

7. To consider and, if thought fit, to pass with or without modification(s) as an ORDINARY RESOLUTION the following:

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approvals as may be necessary under the provisions of the said Act, the consent of the Company be and it is hereby accorded to the re-appointment of and payment of remuneration to Shri Shreyas K. Doshi, as Chairman & Managing Director of the Company for a further period of five years from the date of expiry of his present term of office i.e. from 1<sup>st</sup> December, 2013 to 30<sup>th</sup> November, 2018 on incremental basic salary in the slab of ₹ 9,00,000-1,00,000-13,00,000 as decided by the Remuneration Committee Meeting held on 20<sup>th</sup> May, 2013 and approved by the Board at its meeting held on 23<sup>rd</sup> May, 2013 and on such terms as set out in the draft letter of appointment submitted at the meeting and for identification initialled by a Director of the Company, with liberty to the Board of directors (hereinafter referred to as “the Board” which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment and / or remuneration and /or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) or any amendments and /or modification(s) that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Shreyas K. Doshi.”

“RESOLVED FURTHER THAT commission at the rate of 1% of the Company's net profits but not exceeding the annual basic salary for each financial year as set out in the agreement dated 23<sup>rd</sup> May, 2013 be paid to Shri Shreyas K. Doshi, Chairman & Managing Director.”

8. To consider and, if thought fit, to pass with or without modification(s) as a SPECIAL RESOLUTION the following:

“RESOLVED THAT pursuant to the provisions of section 309 and other applicable provisions, if any, of the Companies Act, 1956 the Directors of the Company (other than the Whole-time Directors) be paid remuneration

by way of commission not exceeding 1% per annum of the net profits of the Company computed in the manner as prescribed by section 198 of the said Act for a period of five accounting years commencing from 1<sup>st</sup> April, 2013 and that the said amount be distributed among Directors (other than Whole-time Directors) in such proportion as may be decided by the non – independent Directors from time to time.”

By Order of the Board

SANJAY M. ABHYANKAR  
COMPANY SECRETARY

Place : Mumbai

Dated : 23<sup>rd</sup> May, 2013

**Registered Office:**

405, Dharam Palace,  
100-103, N.S. Patkar Marg,  
Mumbai – 400 007.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER.

Proxies in order to be effective must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the aforesaid meeting.

2. Brief profile of each of the Directors proposed to be re-appointed, as per Serial Number 3, 4, 5 and 7 of the Ordinary and Special Business is given elsewhere in the Annual Report.
3. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 1<sup>st</sup> August, 2013 to Wednesday, the 7<sup>th</sup> August, 2013 (both days inclusive).
4. The dividend if declared by the Members will be paid within the prescribed time to those Members, whose names appear on the Company's Register of Members and who are notified as beneficiaries by the depositories viz. National Securities Depository Ltd. and Central Depository Services (India) Ltd. as on Wednesday, the 31<sup>st</sup> July, 2013.
5. Members are requested to notify immediately any change in their registered address to the Company's Secretarial Department or to the Company's Registrar and Transfer Agents (Sharepro Services (India) Pvt. Ltd.) in respect of their holdings in physical form or their depository participants in respect of their holdings in electronic form.
6. If any Member of the Company so desires, the Company will make available copy of Annual Accounts of the subsidiary companies and related information for inspection during business hours at the registered office of the Company.
7. Members who wish to claim dividends, which have remained unclaimed, are requested to correspond with the Secretarial Department of the Company or with Sharepro Services (India) Pvt. Ltd. Members are also requested to note that dividends not encashed or claimed within seven years from the date they became due for payment, shall be transferred to the Investor Education and Protection Fund ("Fund") as per Section 205C of the Companies Act, 1956. No claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.

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

Financial Year	Date of declaration of Dividend	Last date for claiming unpaid dividend
2005-06	September 15, 2006	September 14, 2013
2006-07	August 28, 2007	August 27, 2014
2007-08	August 22, 2008	August 21, 2015
2008-09	September 8, 2009	September 7, 2016
2009-10	August 13, 2010	August 12, 2017
2010-11	August 10, 2011	August 9, 2018
2011-12	August 14, 2012	August 13, 2019

The Company shall endeavour to send separate letters to the Members who are yet to encash the dividend, indicating that dividend has not yet been encashed by the concerned Member and that the remaining balance will be transferred to the Fund as per the above dates.

#### **EXPLANATORY STATEMENT:**

As required by Section 173(2) of the Companies Act, 1956, (hereinafter referred to as "the Act") the following Explanatory Statement sets out the material facts relating to the Special Business under item Nos. 7 and 8 of the accompanying Notice dated 23<sup>rd</sup> May, 2013.

#### **ITEM NO. 7**

The Remuneration Committee and the Board at their meeting held on 20<sup>th</sup> May, 2013 and 23<sup>rd</sup> May, 2013 respectively had, subject to the Members' approval and according to the provisions of the Articles of Association of the Company re-appointed Shri Shreyas Kirtilal Doshi, as Chairman & Managing Director of the Company for a further period of five years with effect from 1<sup>st</sup> December, 2013 to 30<sup>th</sup> November, 2018 on the remuneration and the terms and conditions of the employment recommended by the Remuneration/Compensation Committee of the Board. His present term of office of 5 years expires on 30<sup>th</sup> November, 2013. He has successfully discharged his responsibility of managing the affairs of the Company. Under his guidance, the Company has made steady progress and diversified its activities to achieve its present standing in the diamond and jewellery industry. Shri Shreyas K. Doshi has been in diamond and jewellery business for many years and the Company's performance is significantly due to his in-depth knowledge of this business. The details of his remuneration are set out below:

#### **SALARY**

Basic Salary in the range of ₹ 9,00,000-1,00,000-13,00,000 per month for the term of 5 years w.e.f. 1<sup>st</sup> December, 2013.

Commission on net profits of the Company for each financial year @ 1% of the Company's net profits but not exceeding annual basic salary for each financial year.

#### **PERQUISITES**

##### **PART A**

##### **I Housing:**

House Rent Allowance at the rate of 50% of basic salary per month.

##### **II Medical Allowance:**

Reimbursement of the expenses incurred by him for self and family subject to a ceiling of one month's basic salary per annum.

##### **III Leave Travel Concession:**

Leave travel concession for him and his family, once in a year incurred in accordance with the rules of the Company.

##### **IV Conveyance Expenses:**

Actual reimbursement of conveyance expenses for the purpose of the business of the Company.

##### **V Personal Accident Insurance/Key Man Insurance:**

Personal Accident Insurance or Key Man Insurance of an amount as applicable to the Senior Executives of the Company from time to time.

##### **VI Club Fees:**

Fees of clubs subject to a maximum of two clubs. This will include admission and life membership fees.

##### **PART B**

##### **I Provident Fund:**

Company's contribution towards provident fund subject to a ceiling of 12% of basic salary.

Contribution to provident fund and encashment of leave at the end of the tenure will not be considered or included for computation of ceiling on perquisites.

##### **PART C**

##### **I Car:**

Provision of car for use for the Company's business. Personal use of car for private purposes shall be billed to him by the Company.

##### **II Telephone:**

Provision of telephone at residence. Personal long distance calls shall be billed to him by the Company.

**OTHER MATERIAL TERMS**

- I Subject as aforesaid, Chairman & Managing Director of the Company shall be governed by such other rules as are applicable to the Senior Executives of the Company from time to time.
- II So long as Shri Shreyas Kirtilal Doshi functions as the Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any committee thereof.
- III Each party has the right of terminating the Agreement by giving three month's notice in writing.
- IV Where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay Chairman & Managing Director of the Company minimum remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956, as amended from time to time.

Your Directors recommend his appointment. None of the Directors of the Company is in any way concerned or interested in the said resolution except Shri Shreyas Kirtilal Doshi since it relates to his appointment and Shri Vishal Shreyas Doshi being his son.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms of the Agreement and Memorandum of Concern or Interest under section 302 of the Companies Act, 1956.

The agreement dated 23<sup>rd</sup> May, 2013 referred to in the resolution at Item No. 7 of the accompanying Notice will be available for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 1.00 p.m. except Saturdays and holidays.

**ITEM NO. 8**

By a special resolution passed under section 309(4) of the Companies Act, 1956 the Company at the 26<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> August, 2008 authorised the payment of commission not exceeding 1% of the net profits to its Directors (other than Managing/ Whole-time Directors) for a period of five years commencing from 1<sup>st</sup> April, 2008. Pursuant to Section 309(7) of the Act the payment of such commission to the Directors beyond such period of five years may be continued for a further period of not more than five years if such payment is again authorised by a special resolution.

The non-executive Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as corporate strategy as well as legal and finance related areas.

In the current competitive business environment, the Directors are required to take far more complex business decisions than before and are required to commit their time and provide expertise for the Company business. In addition, with the more stringent Accounting Standards and Corporate Governance norms, the Board of Directors not only has to ensure compliance with various statutory requirements, but also enhance the level and quality of corporate governance. Apart from sitting fees of Rupees Fifteen Thousand for each meeting of the Board or a Committee thereof, it is necessary that adequate compensation be given to the Non-Executive Directors so as to compensate them for their time and efforts.

It is, therefore, proposed in accordance with the provisions of Section 309 and other applicable provisions of the Companies Act, 1956 and as per the Articles of Association of the Company that the Directors (other than Whole-time Directors) be paid remuneration by way of commission not exceeding 1% of the net profits per year for a period of five years commencing from 1<sup>st</sup> April, 2013.

All the Directors of the Company other than the Managing Director or Whole-time Directors may be regarded as concerned or interested in the resolution.

By Order of the Board

SANJAY M. ABHYANKAR  
COMPANY SECRETARY

Place : Mumbai

Dated : 23<sup>rd</sup> May, 2013

**Registered Office:**

405, Dharam Palace,  
100-103, N.S. Patkar Marg,  
Mumbai – 400 007.

**Details of Directors seeking Appointment/Re-appointment at the Annual General Meeting**

<b>Particulars</b>	<b>Dr. Surendra A. Dave</b>	<b>Shri Minoo R. Shroff</b>	<b>Shri Shreyas K. Doshi</b>	<b>Shri Vishal S. Doshi</b>
Date of Birth	August, 03, 1936	January 28, 1929	November 17, 1950	January 18, 1979
Date of Appointment	September 06, 2003	December 12, 1988	December 28, 1985	November 01, 2007
Qualification	Ph. D.	B. Sc; ICWA, FCMA (London), FICNA	F. Y. Science	B. Com
Experience in specific functional area	Wide experience in securities market and banking sector.	He is a well known Business Economist and a Corporate Counsellor to the leading industrial groups for last 4 decades.	A businessman who has adopted modern technology in diamond industry to build up a highly successful export business.	A young businessman who has been instrumental in the launch of number of successful diamond jewellery brands in India and overseas.
Achievement	He is a Doctorate (Ph.D) of Economics and holds a Masters Degree in Economics from the University of Rochester. He was Founder Chairman of SEBI and also Chairman of Unit Trust of India	The Emperor of Japan has conferred the highest civilian award of "The Order of the Rising Sun, Gold Rays With Neck Ribbon" for outstanding contribution in promoting business and friendship with Japan in the year 2000 and was elected as President of the Indian Friendship Society in 2003.	Recognized as one of the most dynamic youngsters who have transformed the Indian Diamond Industry and was the youngest Chairman of the Gem & Jewellery Export Promotion Council at the age of 31. He was conferred with Lifetime Achievement Award by the International Colorstone Association in 2003. He is the Honorary Consul for Finland in Mumbai.	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.
Name of the companies in which he holds the Directorship	<ul style="list-style-type: none"> <li>• Anand Rathi Securities Ltd.</li> <li>• Deccan Cements Ltd.</li> <li>• Escorts Ltd.</li> <li>• HDFC Ltd.</li> <li>• HDFC Standard Life Insurance Co. Ltd.</li> <li>• HDFC Life Pension Fund Insurance Co. Ltd.</li> <li>• SBI DFHI Ltd.</li> <li>• Phoenix Township Ltd.</li> <li>• Nippo Batteries Ltd.</li> <li>• Nitin Fire Protection Ind. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Amzel Automotive Ltd.</li> <li>• AFL Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Shrenuj Lifestyle Ltd.</li> <li>• Shrenuj Jewellery Limited</li> <li>• Daily Jewellery Limited (Hong Kong)</li> <li>• Kiara Jewellery Pvt. Ltd.</li> <li>• Shrenuj Investments &amp; Finance Pvt. Ltd</li> <li>• Shrenuj DMCC Dubai (UAE)</li> <li>• Shrenuj (Mauritius) Private Limited</li> <li>• Shrenuj Jewellery (Far East) Ltd.</li> <li>• Shrenuj N.V. (Antwerp)</li> <li>• Intergems Hong Kong</li> <li>• Shrenuj GMBH</li> <li>• Jomard SAS</li> </ul>	<ul style="list-style-type: none"> <li>• Shrenuj Overseas Ltd.</li> <li>• Shrenuj Lifestyle Ltd.</li> <li>• Shrenuj Jewellery Ltd.</li> <li>• Shrenuj Properties Pvt. Ltd.</li> <li>• SHL Gems &amp; Jewellery Ltd</li> <li>• Arisia Jewellery Pvt. Ltd.</li> <li>• Astral Holdings Inc.</li> <li>• Shrenuj Jewellery (Far East) Ltd.</li> <li>• SWA Trading Company</li> <li>• Simon Golub &amp; Sons Ltd.</li> <li>• Shrenuj South Africa (Pty) Ltd.</li> <li>• Shrenuj (Mauritius) Pvt. Ltd.</li> <li>• Intergems Hong Kong</li> <li>• Alija International Pty Ltd.</li> <li>• Shrenuj Botswana (Pty) Ltd.</li> </ul>

Particulars	Dr. Surendra A. Dave	Shri Minoo R. Shroff	Shri Shreyas K. Doshi	Shri Vishal S. Doshi
Memberships and Chairmanships of committees of the Board in other Companies	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>• Escorts Ltd.</li> <li>• HDFC Ltd.</li> <li>• SBI DFHI Ltd.</li> <li>• Phoenix Township Ltd.</li> <li>• Nippo Batteries Ltd.</li> </ul> <p><b>Shareholders /Investors Grievance Committee</b></p> <ul style="list-style-type: none"> <li>• Escorts Ltd.</li> <li>• Deccan Cements Ltd.</li> </ul> <p><b>Remuneration Committee</b></p> <ul style="list-style-type: none"> <li>• Escorts Ltd.</li> <li>• Nippo Batteries Ltd.</li> <li>• NitinFireProtectionInd.Ltd.</li> </ul>	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><b>Shareholders /Investors Grievance Committee</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><b>Shareholders /Investors Grievance Committee</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><b>Shareholders /Investors Grievance Committee</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>
Number of Shares held in the Company	31,495 (0.03%)	64,250 (0.07%)	1,33,49,300 (13.84%)	74,91,009 (7.77%)
Relationship between Directors inter-se	No relationship with other directors	No relationship with other directors	Father of Shri Vishal S. Doshi, Group Executive Director of the Company.	Son of Shri Shreyas Kirtial Doshi, Chairman & Managing Director of the Company.



## SHRENUJ & COMPANY LIMITED

Registered Office: 405, Dharam Palace, 100-103, N. S. Patkar Marg, Mumbai 400 007

### ATTENDANCE SLIP

**THIRTY FIRST ANNUAL GENERAL MEETING - 7<sup>TH</sup> AUGUST, 2013 AT 11.00 A.M.**

FOLIO NO		NO. OF SHARES	
DP ID		CLIENT ID	

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I/we hereby record my/our presence at the ANNUAL GENERAL MEETING of the Company being held on **Wednesday, the 7<sup>th</sup> August, 2013 at 11.00 a.m.** at, Rangaswar, 4<sup>th</sup> Floor, Chavan Centre, General Jagannathrao Bhosale Marg, Nariman Point, Mumbai 400 021.

Full Name of the Shareholder / Proxy (in Block Letters)

Signature



## SHRENUJ & COMPANY LIMITED

Registered Office: 405, Dharam Palace, 100-103, N. S. Patkar Marg, Mumbai 400 007

### PROXY FORM

**THIRTY FIRST ANNUAL GENERAL MEETING - 7<sup>TH</sup> AUGUST, 2013 AT 11.00 A.M.**

FOLIO NO		NO. OF SHARES	
DP ID		CLIENT ID	

I/We \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ being a shareholder(s) of Shrenuj & Company Limited, hereby appoint \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and to vote for me/us on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company to be held on **Wednesday, the 7<sup>th</sup> August, 2013 at 11.00 a.m.** at, Rangaswar, 4<sup>th</sup> Floor, Chavan Centre, General Jagannathrao Bhosale Marg, Nariman Point, Mumbai 400 021 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Name & Signature of the Proxy

Affix ₹.1/-  
Revenue  
Stamp

- This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 HOURS before the commencement of the Meeting.**
- Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy**







SHRENUJ

HERITAGE • INNOVATION • PASSION



2012 - 13

31<sup>st</sup>

# Annual Report

# FINANCIAL HIGHLIGHTS

## OPERATIONAL HIGHLIGHTS

Financial Year	2012 - 13	2011 - 12	2010 - 11
Sales & Other Income	22409.06	20,250.27	15,551.07
Depreciation	63.01	63.20	58.61
Interest	967.33	858.93	660.81
Profit After Tax	304.98	343.55	305.20

## SOURCES OF FUNDS

Financial Year	2012 - 13	2011 - 12	2010 - 11
Shareholder's Fund	6694.19	5114.00	4854.54
Share Capital	192.91	152.82	151.97
Reserves & Surplus	6501.28	4961.18	4702.57

## PERFORMANCE RATIOS

Financial Year	2012 - 13	2011 - 12	2010 - 11
Dividend	30%	32.50%	30%
Earning Per Share* ₹	3.97	4.52	4.03
Book Value Per Share * ₹	69.40	66.93	63.89
Forex Earnings (₹ In Mn)	15978.07	16478.20	11660.56

\* Face Value ₹ 2/- each

(₹ In Million)

<b>2009 - 10</b>	<b>2008 - 09</b>	<b>2007 - 08</b>	<b>2006 - 07</b>	<b>2005 - 06</b>
10,365.10	9,119.96	9,878.19	8,841.89	5,573.12
39.91	38.74	36.92	35.20	29.46
734.98	610.81	490.32	380.19	199.62
154.74	132.61	306.26	300.48	176.14

<b>2009 - 10</b>	<b>2008 - 09</b>	<b>2007 - 08</b>	<b>2006 - 07</b>	<b>2005 - 06</b>
2483.09	1981.13	2184.47	1657.41	1272.29
138.65	138.65	138.65	125.26	109.06
2344.44	1842.48	2045.82	1532.15	1163.23

<b>2009 - 10</b>	<b>2008 - 09</b>	<b>2007 - 08</b>	<b>2006 - 07</b>	<b>2005 - 06</b>
25%	18%	40%	40%	35%
2.24	1.91	4.37	4.80	3.23
35.82	28.58	31.80	26.79	23.33
7618.27	7538.30	9199.69	8147.85	5247.63

## HIGHLIGHTS

- The Company has infused fresh equity by issuing 19861321 equity shares of ₹ 2/- each to FII's and promoters on preferential basis.
- Market Cap of the Company has increased from ₹ 4890 million to ₹ 10220 million.
- PE ratio has surged to 26.63 from 14.16.
- Retail operations in India have expanded and the retail chain "Diti" crossed 175 PoS in 36 cities.
- The Company has witnessed sustained growth in sales in China, Middle East and India.
- A new diamond cutting and polishing unit has been commissioned in Patna, Bihar on 16<sup>th</sup> May, 2013. Focusing on processing of smaller sized diamonds, the unit will produce 3,00,000 pieces per month and employ 1500 people when fully operational.
- A new collection has been successfully tested and is in US market now being rolled out to over 800 stores. Its variants, using 10 hearts and 10 arrows diamonds will be made available to consumers during the year.
- Shrenuj is now listed on MCX-Stock Exchange.
- The group has adopted a high growth strategy and expects revenue to increase significantly in the next three years.

### Company Secretary & Compliance Officer

**Sanjay M. Abhyankar**

### Registrar & Transfer Agents

Sharepro Services (I) Private Limited,  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> 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](http://www.shareproservices.com)

Email: [shrenuj@shareproservices.com](mailto:shrenuj@shareproservices.com)

### Auditors

**Rajendra & Co.**

Chartered Accountants,

1311, Dalamal Towers, 211,

Nariman Point, Mumbai 400 021

### Solicitors

**Talwar Thakore & Associates**

Advocates & Solicitors,

3<sup>rd</sup> Floor, Kalpataru Heritage,

127, M. G. Road, Fort,

Mumbai 400 001

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### Bankers

Bank of India  
 Andhra Bank  
 Allahabad Bank  
 Bank of Baroda  
 Central Bank of India  
 Corporation Bank  
 Export Import Bank of India  
 ICICI Bank Ltd.  
 IDBI Bank Ltd.  
 Indusind Bank Ltd.  
 Karnataka Bank Ltd.  
 Oriental Bank of Commerce  
 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

## BOARD OF DIRECTOR'S



**Nihar N. Parikh**  
Executive Director



**Dr. B.R. Barwale**  
Independent Director



**Keki M. Mistry**  
Independent Director



**Suresh N. Talwar**  
Independent Director



**Minoo R. Shroff**  
Independent Director



**S. S Thakur**  
Independent Director



**Dr. S.A. Dave**  
Independent Director



**H.E Festus G. Mogae**  
Independent Director

## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 31<sup>st</sup> Annual Report of your Company and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS:

The performance of the Company for the financial year ended 31<sup>st</sup> March, 2013 is summarized below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Net Sales/Income from Operations	22,392.98	20,241.65	38,621.47	31,505.85
Other income	16.08	8.62	158.53	91.38
<b>Total Revenue Generated</b>	<b>22,409.06</b>	<b>20,250.27</b>	<b>38,780.00</b>	<b>31,597.23</b>
Profit before Finance cost	1,410.13	1,336.23	2,481.61	2,006.86
Less: Finance cost	1,012.65	876.68	1,557.41	1,171.66
Profit before tax	397.48	459.55	924.20	835.20
Less: Tax	92.50	116.00	172.80	148.99
Net Profit before minority interest	304.98	343.55	751.40	686.21
Add/(Less): Share of minority/associates	-	-	(17.64)	17.19
<b>Net profit after tax</b>	<b>304.98</b>	<b>343.55</b>	<b>733.76</b>	<b>703.40</b>
Add: Balance b/f from previous year	1,085.78	835.09	2,025.58	1,415.04
<b>Profit available for appropriation:</b>	<b>1,390.76</b>	<b>1,178.64</b>	<b>2,759.34</b>	<b>2,118.44</b>
<b>APPROPRIATIONS</b>				
General Reserve	32.00	35.00	32.00	35.00
Proposed Dividend	57.87	49.78	57.87	49.78
Tax on Proposed Dividend	9.84	8.08	9.84	8.08
Surplus in Profit & Loss Account	1,291.05	1,085.78	2,659.63	2,025.58
<b>Total:</b>	<b>1,390.76</b>	<b>1,178.64</b>	<b>2,759.34</b>	<b>2,118.44</b>



## OPERATIONS:

With the recessionary trends setting in the global markets during the year under review, the management adopted a cautious approach for marketing its products. Nevertheless it was able to sustain sales at the last year's levels. The Company's operations are vertically integrated and its customer base is well spread across different geographical zones, thus minimizing risks. Your Company closed the year by starting ground work on the next phase of its expansion programme.

During the year 2012-13, revenues rose by 10.6% to ₹22,393 million. EBIDTA at ₹1,473 million was up by 5.3%. Net Profit was lower at ₹ 305 million (previous year ₹344 million) mainly due to higher financing cost of ₹1,013 million (previous year ₹877 million).

Consolidated revenue for the year grew by 22.6% to ₹38,621 million from ₹31,506 million in 2011-12. Consolidated profit was ₹734 million up by 4.3% from ₹703 million.

The financial performance under prevailing market conditions was satisfactory. There has been a revival in the US market. With recent correction in gold prices and better availability of rough diamonds, the demand in emerging markets including India and China, is expected to grow at a rapid rate.

## PROFIT AFTER TAX & DIVIDEND





Our branded products are being well received by the customers. This segment has helped to improve margins as well as created brand equity for our value added products. Despite economic slowdown in some of the markets, sales of these products have remained robust. Groundwork has been laid for the next phase of expansion.

#### **DIVIDEND:**

Shrenuj has invested substantially in enhancing its manufacturing base globally as well as in India in the past few years. The group has adopted a high growth strategy and expects its revenues to increase significantly in the next three years. The Board of Directors has therefore recommended a lower dividend of 30% i.e. 60 paise per share on the expanded capital of ₹ 192,907,258/- (96,453,629 Equity Shares of ₹ 2/- each). The total outgo for the current year amounts to ₹ 67.71 million, as against ₹ 57.86 million in the previous year.

#### **ECONOMIC SCENARIO & OUTLOOK:**

The global economy experienced a slowdown especially in the developed economies, which had its impact on India as well. The Indian economy had to contend with high inflation in 2012-13 and increased lending rates. The tightening of the monetary policy and a depreciation of rupee further slowed the growth of the economy which affected all sectors including the diamond and jewellery industry. There are signs of revival in consumption and less volatility in prices which will help to improve margins.

Retail operations in India continue to grow as planned. "Diti" has grown to 175 PoS in 36 cities now. The Company is planning to increase this to 225 within this year. The response to our products has been very encouraging so far. The Company expects this segment to contribute more significantly in the coming years.

With the enlargement of our manufacturing facilities, the Company is well geared to meet the projected high growth in demand. The Company has successfully tested a new collection in the US market which is now being rolled out to over 800 stores. Its variants, using 10 hearts and 10 arrows diamonds, will be made available to consumers in other markets during the year.

#### **EXPANSION CAPEX:**

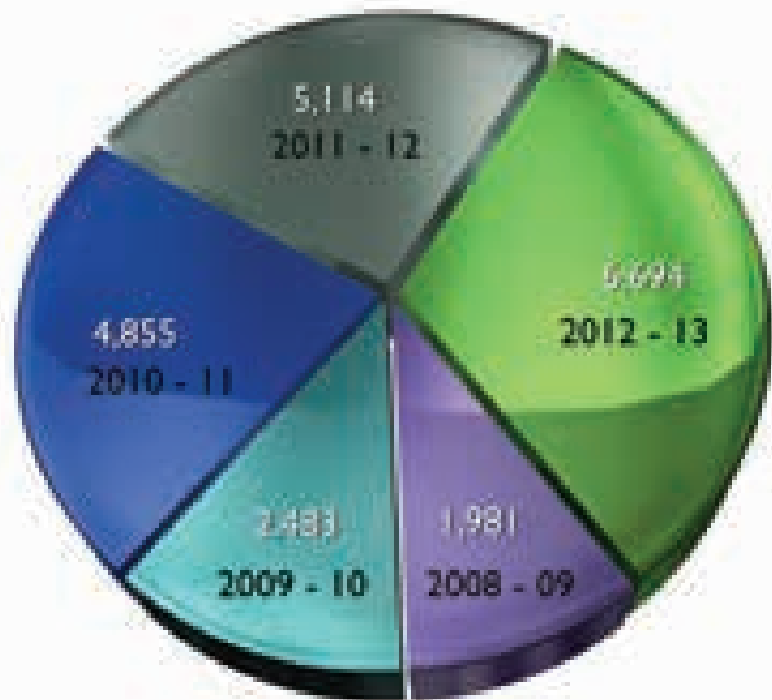
The Company has commissioned a new diamond cutting and polishing unit in Patna, Bihar on 16<sup>th</sup> of May, 2013. The unit, focusing on processing of smaller sized diamonds, will initially employ about 150 people in the pilot stage and 1,500 people when fully commissioned. The unit, when fully operational, will produce 300,000 pieces per month and will help the Company to meet its growing captive demand from jewellery production units for export markets. The new unit will supplement the diamond production from Shrenuj's diamond polishing units in Mumbai, Surat, Johannesburg and Gaborone Botswana.

**SHARE CAPITAL:**

During the year the Company has issued 19,861,321 further shares on preferential basis to FII's and Promoters under Chapter VII of the SEBI (ICDR) Regulation. The Company has also issued and allotted 182,713 equity shares of ₹ 2/- each to its employees on exercising stock options granted to them under the Employee Stock Option Scheme, 2006. With this Issued, Subscribed and Paid-up Share Capital of your Company has been augmented from ₹ 152.82 million to ₹ 192.91 million.

**SHAREHOLDERS' FUND**

₹ in Million

**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. Step down subsidiaries viz. Shrenuj Australia Pty Ltd. and Alija International Pty Ltd and associate companies having joint venture viz. SWA Trading Ltd. and Trapz LLC are in-active companies and therefore have initiated the process of winding up.

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 8<sup>th</sup> 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) Rules, 1975, as amended, the names and other particulars of employees are set out in the **Annexure – II** to this report.

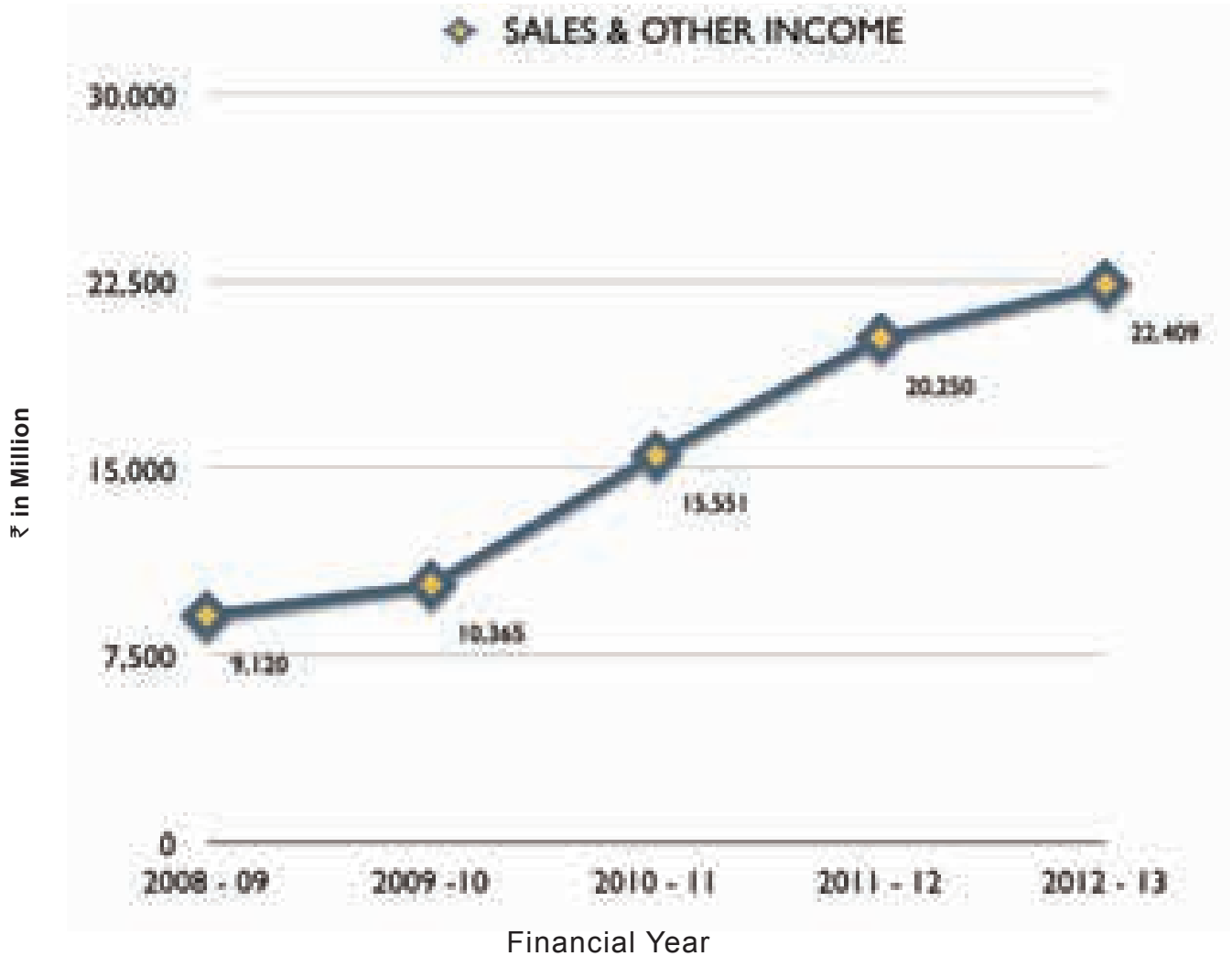
### **GROUP FOR INTER SE TRANSFER OF SHARES:**

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 comprise:

- |   |   |
|---|---|
| 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:

Shri Minoo R. Shroff, Dr. Surendra A. Dave and Shri Vishal S. Doshi, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

The present term of office of Shri Shreyas K. Doshi, Chairman & Managing Director of the Company expires on 30<sup>th</sup> November, 2013. It is proposed to re-appoint him for a further period of five years with effect from 1<sup>st</sup> December, 2013 to 30<sup>th</sup> November, 2018.

Brief profiles of the Directors proposed to be 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 ₹ 7 million from the public. The fixed deposits outstanding as on 31<sup>st</sup> March, 2013 were ₹ 23.50 million. As on 31<sup>st</sup> March, 2013, there were no unpaid / unclaimed matured public deposits.

## HUMAN RESOURCE MANAGEMENT:

Shrenuj's international distribution model complements its international manufacturing platform. Based on hub and satellite approach, its 20 offices cater to all corners of the world. The Company has entered into JVs in Israel, France, USA and Hong Kong, in addition to having its own offices worldwide. Shrenuj's jewellery manufacturing operations are located in India and Botswana, in addition to dedicated outsourcing facilities in China. The product development teams of designers and merchandisers are spread across the globe to cater to national as well as international markets to quickly respond to the changes in fashion trends. Present strength of employees is 1,700 people in its worldwide operations.

## 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 2012-13, 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 31<sup>st</sup> March, 2013 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**.

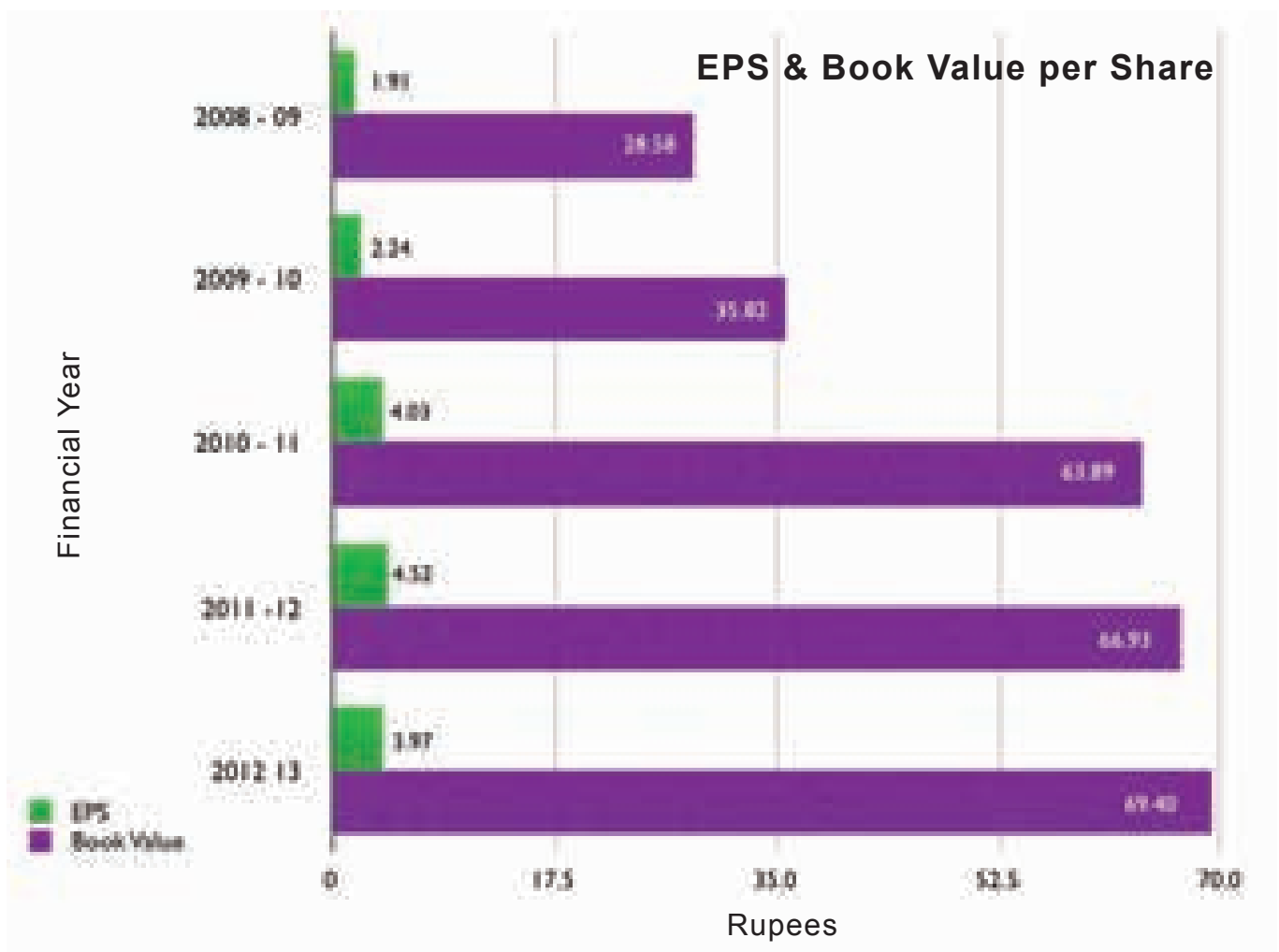
### GENERAL SHAREHOLDER INFORMATION:

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 2012-13, the options exercised aggregated to 182,713. During the year 2012-13, the Company received a sum



of ₹ 3.84 million as exercise consideration (excluding tax), of which ₹ 0.37 million was towards Share Capital and ₹ 3.47 million towards Securities Premium.

During the year under review, 2,91,500 (Previous year 27,100) options lapsed. There were no options outstanding for exercise as on 31<sup>st</sup> March, 2013. Options granted to and exercised by Senior Managerial Personnel during the year were as under:

- Shri Shekhar K. Shah – 98,263

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

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Internal Control System of the Company is commensurate with the size, scale and complexity of its operations. It is being constantly assessed and strengthened with new and revised standard operating procedures and robust internal and information Technology (IT) controls. The Company's Internal Auditor objectively and independently tests the design and operating effectiveness of the internal control system to provide a credible assurance to the Board and the Audit Committee regarding the adequacy and effectiveness of the Internal control system. The scope and authority of the Internal Audit activity are well defined and approved by the Audit Committee. Internal Audit plays a key role by providing an assurance to the Board and value adding consultancy service to the business operations.

### **AUDITORS AND AUDITORS' REPORT:**

The Statutory Auditors of the Company, M/s. Rajendra & Co., Chartered Accountants, Mumbai, 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 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 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. The Company has e-filed the compliance report for the financial year end 31<sup>st</sup> March, 2012 alongwith the requisite annexure in form No. A on MCA portal on 22<sup>nd</sup> December, 2012.

#### **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 ₹ 289,243/- 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 ₹ 2,791,694.43 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 sincere appreciation to all executives, officers and employees at all levels of the Company for their commitment and continued contribution to the growth of the Company's business.

For and on behalf of the Board

Place: Mumbai  
Date: 23<sup>rd</sup> May, 2013.

SHREYAS K. DOSHI  
CHAIRMAN & MANAGING DIRECTOR





Above: "SHRI NITISH KUMAR"  
Hon'ble Chief Minister of Bihar,  
inaugurating new factory in Patna.

Below: Chief Minister "Shri Nitish Kumar" with  
Chairman and Managing Director Shri Shreyas K. Doshi  
on factory tour.



## 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.
- viii) 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, 2013:**

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 DNA. 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 initiating 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 has augmented its revenues and per unit price realization by deploying innovative marketing strategies and offering exciting new products. The depth of designing capabilities was the core to our success over the years.

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. Reduced dependence on external sources for technology required towards developing 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. Greater precision.
- f. Retention of existing customers and expansion of customer base.
- g. Lower inventory stocks resulting in low carrying costs.
- h. Substantial reduction in returns on account of production defects resulting in lesser rework and 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
	i) 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 ₹ 15,978.07 million, 71.4% of total sales.

2. Total Foreign Exchange used and earned:

	(₹ in millions)	
	Current Year	Previous Year
Total Foreign Exchange earned on F.O.B. basis	15,978.07	16,478.20
Total Foreign Exchange used	15,545.25	13,894.57

#### ANNEXURE – II

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2013.

Name	Designation/ Nature of Duties	Gross Remuneration (₹)	Date of Joining	Age / Experience (years)	Qualification	Last Employment held
Shri Shreyas K. Doshi	Chairman and Managing Director	16,602,668	13.04.1982	62 / 43	F.Y. Science	-
Shri Nihar N. Parikh	Executive Director	9,159,008	01.10.1992	45 / 21	B.Com	-
Shri Vishal S. Doshi	Group Executive Director	9,144,532	01.09.2001	34 / 14	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 2012-13 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.



## Annexure - III

### MANAGEMENT DISCUSSION & ANALYSIS

#### MACRO-ECONOMIC OUTLOOK: 2012-13:

The global economic environment in 2012 remained uncertain with an average growth of between 2% to 3%. There are signs of improving consumer confidence and of major policy changes in some of the developed markets which may provide the required momentum to spurt global growth and kick start the path of recovery.

However, the situation in the emerging markets is more upbeat with strong consumer spending and investment sentiment driving economy between 5% to 8% in the current year. The US economy is definitely showing signs of steady recovery followed by Japan which is embarking on an ambitious policy of reflating its long moribund economy.

The growth prospects in the BRIC countries are patchy with only China and India likely to grow between 5% and 7.5% in the short term. Many of the smaller countries in South East Asia continue to grow at a moderate pace while consumption in Middle East and some of the fast growing African countries is showing signs of upward momentum.

While the environment is not yet propitious to return to the buoyant conditions obtaining in the pre-financial crisis era policy makers globally have become more conscious of fine tuning their policies to grapple with the substantial volatility experienced in the recent past. The real worry is about the sovereign debt crisis in the Euro Zone with political countries raising concerns about possible sovereign default.

#### THE DIAMOND INDUSTRY:

##### ***Challenging times for rough diamond producers:***

2012 witnessed significant structural change in the diamond industry. The Oppenheimer family completed the sale of their 40% share of De Beers to Anglo American, ending a legacy of four generations of family ownership of the world's most prominent diamond company. At the same time, Alrosa reinforced its position as the global leader in production terms, producing 7 mncts more than De Beers in 2012, and achieved \$4.5 bn of sales in 2012 (\$3.9 bn in 2011).

Against this backdrop, the global diamond market continued to operate during 2012 in a precarious fashion. Although diamond prices remained, in relative terms, at historically high levels, 2012 was without doubt a difficult trading period for diamond players. Unlike in 2011, when prices rose dramatically by up to 50% between January and August, followed by a sharp drop in September, the prices of rough diamonds have stagnated throughout 2012.

The diamond market was unable to repeat 2011's strong early performance due to a combination of leading factors:

- ⇒ declining marginal demand coming from the key emerging consumer markets of China and India
- ⇒ the impact of the weak US economy and the financial crisis in the Euro zone
- ⇒ the devaluation of the Indian Rupee
- ⇒ the pricing policy of the main producers, DTC and Alrosa, remaining firm despite tightening liquidity and margins for their clients

Around the middle of 2012, the trade struggled to retain profitability in trading and manufacturing and businesses began rejecting their rough diamond allocations. Both De Beers and Alrosa dropped prices by a few percent (low single digits) in June and allowed their customers to defer a part of their allocations until up to March 2013. Clearly both main producers did not want to lower prices too much and attempted to use the volume lever to calm the market. However, by the end of August both producers were obliged to drop prices by a further 8-10% and lower the physical volumes they put into the market.

De Beers', rough diamond sales dropped 15 percent, decline came on top of a further 12 percent plunge in selling prices. The medium-sized producers, such as Gem Diamonds and Petra Diamonds, reported revenue / rough price reductions, but these were in line with the overall market.

##### ***Polished diamonds: Gaining grounds***

2012-13 witnessed a rise of 2-3% in the global retail sales of diamonds, compared to previous two years' growth of about 10% per annum. China remained the best performing market recording about 8% growth while the US and Japan markets grew at about 5% each in US dollar terms. The Indian market disappointed with a decline of about 5% in US dollar terms but in Rupee terms, the market grew at about 9%.

The US market remains the leading diamond consuming market with a market share of about 37%, followed by China at 11%, Japan at 10% and India at about 9% in terms of polished diamonds sales to the consumer (source: DTC 2012 Diamond Jewellery Consumer Demand Overview, April 2013).

Since the end of 2006, the volume of carats entering the diamond pipeline has been reduced by a hefty 33 percent. The huge decline in carat volume in the last six years has triggered an overcapacity of manufacturing in India and is exacerbating price volatility. But the fact is that reduced supplies have not translated into higher prices.

It is estimated that diamond jewellery retail sales grew by some 4.5-6 percent in 2012 to \$72.1 billion. However, the diamond content measured in polished wholesale prices (PWP) in the retail product is declining. Research by Tacy Ltd. and Mumbai-based Pharos Beam indicates that polished supplied to retailers increased by 2.2 percent in 2012. Since the comparable figure in 2011 was 10.3 percent, it is clear that the pace of growth in the diamond jewellery retail markets has stagnated. The prospects for 2013 look only slightly better.

This trend was even more profound in the sales from the cutting centers to the jewellery manufacturers. This figure was affected by the industry destocking. After a year-over-year increase of 19.4 percent in 2011, these ex-cutting center sales declined by 8.4 percent to \$20.7 billion in 2012.

Global polished diamond sales dropped to \$20.7 billion from \$22.6 billion as the rough diamond sales declined to \$15.5 billion from \$18 billion. The declining sales clearly impacted the mood and trade confidence of the downstream players.

Much of the downstream sector's future income will come from unconventional sources. In 2012, the impact of recycled diamonds back into the industry intensified. More and more companies made polished purchases from the public, from pawn shops and from estates. Entrepreneurs are holding auctions of recycled diamonds. About 5-7 percent of polished demand in 2012 was met by recycled diamonds rather than new diamonds.

It is generally believed that in 2013-14, rough supplies will be broadly similar to 2012-13 at around \$15.7 billion, with polished demand growing by some 10 percent to \$22.8 billion.

#### **Industry Outlook: 2013-14**

There are mixed views amongst industry commentators regarding 2013 price growth; but all views are positive for the longer term. The key drivers here are the reduced volume of rough available from De Beers in the short-term, as their maintenance, waste-stripping and safety improvement programmes conclude (production at 27 mn cts in 2012) and a stabilising global economy. In longer-term, the fundamentals of the diamond market remain healthily robust. The price trend is certainly pointing upwards driven by limited supplies going forward, few new mines coming on-stream and continued growing demand from the emerging markets.

A report published by Bain & Co in December 2012 estimated that rough diamond demand would increase by 6% per annum until 2020, doubling the size of the industry. 2012 has not played out this way, but the anticipated price growth will come as the global economy recovers. Global rough production for 2011 was estimated at 124 mn cts (value \$14 bn); in 2012 around 130 mn cts; and this figure is predicted to remain relatively stable in the coming years, potentially growing to 157 mncts by 2020.

Merrill Lynch has recently projected its positive view of the long-term fundamentals of the industry, citing diamonds as a "secular, late development commodity" with significant growth potential due to the low per capita consumption at present in the emerging markets and the expected supply-demand deficit in the medium-long term.

The emerging markets, led by China and India, continue to grow steadily, though at a somewhat lower rate than in 2012. Bain estimates Chinese diamond jewellery demand to have grown between 2005 and 2011 at 32% CAGR; and India at 22% CAGR. Indeed these two markets combined are anticipated to exceed the size of the US market by 2020.

#### **OPERATIONAL PERFORMANCE:**

The financial performance of the Company under the prevailing market conditions is above par. With the normalization in availability of rough diamonds and decline in gold prices, it is expected that the demand in emerging markets, including India and China, will grow at a rapid rate.

The Company has been able to increase its revenue and per unit price by deploying innovative marketing strategies and offering exciting new products. The depth of its designing capabilities was the core to its success in the year. With the increase in its manufacturing capacities, the Company is well geared to meet the projected high growth in demand over the next 5 years.

Shrenuj Group recorded a total operating income of ₹ 3862.14 crores for the year 2012-13 as compared to revenue of ₹ 3150.58 crores in the corresponding last period. The net profit for the period rose to ₹ 73.37 crores (₹ 70.34 crores) resulting in an increase in EPS (diluted) to ₹9.56 from ₹ 9.23 last year. Based on the financial performance, the Board recommended a final dividend of 30% (Re.0.60 per share: FV ₹ 2/-)

### **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 for track its products through the operating value chain.

Your Company has built 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.

## **OUTLOOK, OPPORTUNITIES AND THREATS:**

### **Outlook**

The supply of rough diamonds is expected to improve with the re-starting of Jwaneng mine in Botswana. The prices of gold have also declined and are not expected to spike back to the old levels. These two factors will help the business on the supply side. On the demand side, the markets in US, India, China, Middle East and CIS region continue to drive the demand while Europe continues to remain subdued.

### **Opportunities**

The improvement in consumer demand in the US and the revival of Japanese market are good indicators of the time to come. While India and China are witnessing a slump in growth rate, the passion for jewellery in these markets has not fallen a single bit. Diamonds and jewellery are seen as a status symbol, lifestyle product and an investment avenue in these markets. Therefore, the demand for these products will continue to rise in these markets. With the concerted efforts of the policymakers, the Eurozone may see a slight revival during the year and is expected to show a slight growth in demand near the end of the current fiscal.

### **Threats**

The economic uncertainty is the numero uno enemy of consumer confidence, leading to subdued sales in lifestyle and luxury products. 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.

The management has put in place adequate mechanisms to manage these risks across the various business segments and geographies in which the Company operates. There are clearly defined policies and processes to hedge the purchase of precious metals, the foreign currency exposures, and the sources of supply of rough diamonds. Presence across various geographies and across business segments also helps in containing the risk of weakening demand in a single market or segment.



The imposing of import duty on gold in India for sales in DTA will have a negative impact on pricing. However, stable diamond prices will help soothe the consumer sentiments. With increasing share of branded goods worldwide, the discounts are being reduced in sales of diamond jewellery. The margins will start improving once the brands reach top of the curve, and even in the development stage, heavy advertising will create more demand. This scenario will help the Company price its goods at a better margin and yet achieve its volume and revenue targets.

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

The industrial relations during the year remained cordial with sustained morale and productivity. The Company continued to attract qualified personnel and added well-experienced people during the year. The key focus across the group was on skill enhancement through on-the-job training and improving operational efficiencies, including productivity. The Company has developed systems and procedures for identifying in-house talent through continuous feedback on performance and number of vacancies were filled up by promoting deserving candidates from within the organization.

Organisation development continues to be an ongoing exercise. During the year, the Company undertook many initiatives to this end, including training and workshops. As a result, the Company has created an in-house talent pool that will play instrumental role in its growth.



## 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 31<sup>st</sup> March, 2013, 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: 23<sup>rd</sup> May, 2013



## ANNEXURE - IV

### REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's report on Corporate Governance for the year ended 31<sup>st</sup> March, 2013 as under:

#### I. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY:

Shrenuj's philosophy on Corporate Governance is embedded in the rich legacy of ethical governance practices. Transparency, accountability and compliance with Laws are central to the Company's business practices to ensure ethical and responsible leadership both at the Board and at the Management level. These drivers of Corporate Governance enabled your Company to fulfill the aspirations of its various stakeholders and earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates. Your Company has complied with the requirements of Corporate Governance as laid down under Clause 49 of the Listing Agreement with the Stock Exchanges.

#### 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 high standard of working environment to minimise any adverse environmental impact. 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](http://www.shrenuj.com). The code lays down the standard of conduct which is expected to be followed by the concerned Directors and the designated employees in their business dealings and in particular on matters relating to conflict of interest, corruption, integrity of accounting and financial reporting, corporate social responsibility, health and safety.

All the Board Members and the senior management personnel have confirmed compliance with the code and a declaration signed by Chairman & Managing Director for the same is appended as **Annexure – 1**.

#### II. BOARD OF DIRECTORS:

The Shrenuj Board plays a pivotal role in the creation of shareholder value. Its functions, responsibility and accountability are clearly defined. As its primary role is fiduciary in nature, the Board is responsible for ensuring that the Company runs on sound ethical business practices and that the resources of the Company are utilized to create sustainable growth and value for all the stakeholders.

- **Composition of Board**

The Board of Directors is comprised of highly renowned professionals from diverse fields. They bring with them a wide range of skills and experience to the Board, which enhance the quality of the Board's decision making process.

The Board of Directors of the Company consists of ten 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 seven Independent Non-Executive Directors.

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, 2013 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, 2013 are as follows:

Name of Director	Category	Attendance at meetings held during 2012-13		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	5	Yes	3	-	-
Dr. B. R. Barwale	NED (I)	4	Yes	6	-	1
Dr. Surendra A. Dave	NED (I)	5	Yes	10	4	3
Shri Keki M. Mistry	NED (I)	5	No	14	5	4
*Shri Festus G. Mogae	NED (I)	2	Yes	-	-	-
Shri Minoo R. Shroff	NED (I)	5	Yes	2	-	-
Shri Suresh N. Talwar	NED (I)	5	No	14	5	4
Shri S. S. Thakur	NED (I)	5	Yes	5	4	1
Shri Nihar N. Parikh	Executive Director	3	Yes	4	-	-
Shri Vishal S. Doshi	Group Executive Director	5	Yes	4	-	-

\* His Excellency Festus G. Mogae was appointed as an additional Director of the Company w.e.f. 28<sup>th</sup> May, 2012 and was re-appointed as a Director of the Company in the Annual General Meeting held on 14<sup>th</sup> August, 2012.

NED (I) : Non Executive Director (Independent)

#### 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 mandatory committees considered viz. Audit Committee and Shareholders' Investors' Grievance Committee.

#### • Board Meetings

During the year 2012-13, the Board met five 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 <sup>th</sup> May, 2012	9
2.	13 <sup>th</sup> August, 2012	10
3.	10 <sup>th</sup> November, 2012	7
4.	1 <sup>st</sup> February, 2013	8
5.	13 <sup>th</sup> February, 2013	10

The Board periodically reviews the items required to be placed before it as per Clause 49 of the Listing Agreement and in particular reviews and approves quarterly/half yearly unaudited financial statements and the audited annual accounts, corporate strategies, business plans, annual budgets, projects and capital expenditure. It monitors overall operating performance, progress of major projects and review such other items which require Board's attention.

#### • 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. All agenda items are supported by relevant information, documents to enable the Board to take informed decisions. 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)**

**Shri Minoo R. Shroff**

He is a Fellow of the Institute of Management Accountants (U.K.), Fellow of the Institute of Cost and Works Accountants (ICWA), India and Fellow of the Institute of Directors, London. He has actively participated in Indian economic and corporate developments.

He has been Corporate Counsellor to leading industrial groups. During his long and varied corporate career he has been Chairman and Director of several companies. He still continues to be on the Board of a few companies.

He was past President of following professional and business bodies:

- ⇒ Bombay Management Association
- ⇒ All India Manufacturers' Organization
- ⇒ Indo-Japanese Association

The Emperor of Japan conferred the award of "THE ORDER OF THE RISING SUN, GOLD RAYS WITH NECK RIBBON" for outstanding contribution in promoting business and friendship with Japan in the year 2000.

He is widely traveled and has participated and presented papers at various international conferences by Harvard Business School, I.LO Geneva, Financial Times (London), Business International (USA), Indo Japan Business Council and others countries like U.K., Dubai, Muscat and Iran.

He is the President of Forum of Free Enterprise, Leslie Sawhny Programme of Training for Democracy and Indo Iranian Friendship Society. In January 2007 the Ambassador of the Islamic Republic of Iran presented a memento to him in appreciation of his valuable contribution in expanding and strengthening the existing relations between India and Iran.

**Dr. Surendra A. Dave**

Dr. Surendra Ambalal Dave, M.A. (Hons.), Ph.D. (Economics) serves as the Chairman of Centre for Monitoring Indian Economy Pvt. Ltd. Dr. Dave was the founder Chairman of Securities and Exchange Board of India. He served as the Chairman of Unit Trust of India from 1990 to 1996. Dr. Dave worked at RBI, IDBI, SEBI and UTI. He also served as a Director of Life Insurance Corporation of India Ltd. (LIC).

Dr. Dave has a distinguished career in the Indian financial sector. He served as a Member of Advisory Board of Financial Technologies (India) Limited. He served as an Independent Director of MCX Stock Exchange Limited from 2009 to March 31, 2010. He served as a Director of CRISIL Research. He has been associated with various Committees of Government of India dealing with reforms in the capital market, mutual funds sector, insurance sector and pensions. By training he is an Economist and topped the list of students both at BA and MA level in economics in the University of Bombay. Dr. Dave is a Doctorate (Ph.D.) of Economics and holds a Master's degree in Economics from the Rensselaer Polytechnic Institute, University of Rochester. He is on the Board of many leading companies such as HDFC Limited, Escorts Limited, SBI DFHI Limited, etc.

**Shri Shreyas K. Doshi**

Shri Shreyas K. Doshi is the Chairman & Managing Director of the Company and is one of the most respected business personalities in Diamond and Jewellery Industry. In a career spanning over 43 years, he has introduced new technologies, standards in management, marketing efficiency and corporate social responsibility to an Industry. He was the first to introduce the laser technology in diamond cutting in India. Recognized as one of the most dynamic youngsters who have transformed the Indian Diamond Industry and was the youngest Chairman at the age of 31 of the Gem & Jewellery Export Promotion Council. He 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 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, 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. With his considerable experience he brings immense value to the Board. Under his leadership, Shrenuj has achieved significant improvements in the areas of project management, logistics and overall cost-competitiveness. The impact of his guidance shows high growth trajectory Shrenuj has experienced. He travels extensively in quest of latest technology and designs. He has developed excellent business relations abroad.

### **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) Shareholders'/Investors' Grievance Committee, and C) Remuneration / Compensation 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 and Terms of Reference**

The Audit Committee acts as the link between the Statutory and the Internal Auditors and the Board of Directors. The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292(A) of the Companies Act, 1956.

The Audit Committee comprises of four members, all of whom are Non-executive Independent Directors and are experts 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 Company has implemented well structured Internal Audit Control Systems to ensure reliability of financial and operational information and statutory / regulatory compliance. Representatives of the Statutory Auditors are permanent invitees to the Audit Committee meetings. The Chairman & Managing Director, Group Executive Director, Chief Financial Officer, Internal Auditors attend 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, 2012, August 13, 2012, November 10, 2012 and February 13, 2013. 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:

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

#### **B. 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. B. 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 such other 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 1, 2013 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. The Company is registered on SEBI's investor grievance portal viz. [www.scores.gov.in](http://www.scores.gov.in) to resolve complaints as may be received from the investors. During the period under review four complaints were received on the said portal and were resolved by the Company.

- **Prevention of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares while in possession of unpublished price sensitive information or when trading window is closed. Shri Sanjay M. Abhyankar, Company Secretary is designated as the Compliance Officer for implementation of the Code.

- **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 to simplify and expedite the share transfer formalities.

- **Details of Investor Complaints**

Details of the complaints received, cleared and pending during the Financial Year 2012-13 are given below:

Nature of Complaints	Received	Cleared	Pending
Non-receipt of share certificates duly transferred/ demat of shares/issue of duplicate shares etc.	56	56	Nil
Non-receipt of dividend warrants, Annual Report and revalidation of dividend warrants etc.	44	44	Nil
Letter(s) from SEBI	4	4	Nil
Letter(s) from Stock Exchanges	1	1	Nil
Letter(s) from Registrar of Companies	1	1	Nil
<b>Total</b>	<b>106</b>	<b>106</b>	<b>Nil</b>



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 1.07%.

### C. 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 2012-13, the Committee met twice on 17<sup>th</sup> April 2012, and 25<sup>th</sup> May 2012. The composition and attendance of members at the meetings of the Remuneration/Compensation Committee are as follows:

Name	Position	Number of meetings Attended
Shri Minoo R. Shroff	Chairman	2
Dr. Badrinarayan. R. Barwale	Member	2
Shri S. S. Thakur	Member	2

#### • **Terms of Reference**

- i. To review the overall compensation policy, the remuneration structure, service agreement and other employment conditions of Whole time/ Executive Directors with a view to retaining and motivating the best managerial talents.
- ii. To monitor implementation of Employee Stock Option Scheme
- iii. To deal with other matters as the Board may refer to the Committee from time to time.

#### • **Remuneration Policy**

While determining the remuneration, the Committee takes into consideration the industry trend, remuneration paid by comparable concerns, responsibilities to be shouldered by the executive director and the Company's and individual 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 a sitting fee of ₹15,000/- per meeting of the Board and the Committee 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). The commission is being paid on a uniform basis to reinforce the principle of collective responsibility.

Remuneration of Directors for the financial year 2012-13:

Name of the Directors	Directors' Position	Salary & perquisites (Rupees)	*Commission for FY 11-12 (Rupees)	*Sitting fees (Rupees)	Total (Rupees)
Shri S. K. Doshi	Chairman & M.D.	16,602,668	4,801,908	N. A.	21,404,576
Dr. B.R. Barwale	Independent Director	-	350,000	105,000	455,000
Dr. S. A. Dave	Independent Director	-	350,000	135,000	485,000
Shri K. M. Mistry	Independent Director	-	350,000	135,000	485,000
H.E. F. G. Mogae	Independent Director	-	N.A.	30,000	30,000
Shri M. R. Shroff	Independent Director	-	350,000	165,000	515,000

Name of the Directors	Directors' Position	Salary & perquisites (Rupees)	*Commission for FY 11-12 (Rupees)	*Sitting fees (Rupees)	Total (Rupees)
Shri S. N. Talwar	Independent Director	-	350,000	75,000	425,000
Shri S. S. Thakur	Independent Director	-	350,000	180,000	530,000
Shri N. N. Parikh	Executive Director	9,159,008	2,400,954	N. A.	11,559,962
Shri V. S. Doshi	Group Ex. Director	9,144,532	2,400,954	N.A.	11,545,486
<b>Total</b>		<b>34,906,208</b>	<b>11,703,816</b>	<b>825,000</b>	<b>47,435,024</b>

\* Gross amount before considering service tax and TDS.

#### IV. SUBSIDIARY COMPANIES:

The Company does not have a material non-listed Indian subsidiary 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 and hence clause 49E(III) (i) of the Listing Agreement is not applicable to any of the subsidiaries.

Copies of the Minutes of the Board meetings of the unlisted subsidiary companies are placed before the Company's Board 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 Resolution(s) approved at the AGM
2011-12	30 <sup>th</sup>	Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400 020.	Tuesday, 14 <sup>th</sup> August, 2012	11.00 a.m.	--
2010-11	29 <sup>th</sup>		Wednesday, 10 <sup>th</sup> August, 2011	11.00 a.m.	--
2009-10	28 <sup>th</sup>		Friday, 13 <sup>th</sup> August, 2010	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 <sup>th</sup> AGM)	Re-pricing of first tranche of options granted under Employee Stock Option Scheme - 2006

- Passing of Resolutions by Postal Ballot**

Pursuant to Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, a special resolution was passed by the Members by way of Postal Ballot on 13<sup>th</sup> March, 2013 for issue of equity shares on preferential basis with requisite majority as detailed below:

Sr. No.	Description	No. of shareholders	No. of shares	No. of votes
1.	Votes in favour	334	52399371	52399371
2.	Votes against	17	10400	10400
3.	Invalid votes	19	10000	10000

Shri Hemanshu L. Kapadia, a Practicing Company Secretary, conducted the postal ballots process in a fair and transparent manner and submitted his reports to the Chairman & Managing Director of the Company.

## 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) of the listing agreement 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. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.

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 30<sup>th</sup> March, 2012 for entering into contract with Kiara Jewellery Private Limited, a group company for the period of three years with effect from 1<sup>st</sup> April, 2012 for an estimated total value of ₹46 Crores.

- **Compliance**

No strictures or penalties have been imposed on the Company by the Stock Exchanges, Securities and Exchange Board of India (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 III**.

- **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 23<sup>rd</sup> May, 2013 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**

The CEO/MD and the CFO have issued a certificate pursuant to the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report as **Annexure – 2**.

- **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 6<sup>th</sup> 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 unaudited quarterly/ half yearly results are announced within forty five days of the close of the quarter. The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which includes, The Economic Times, Free Press Journal (leading national English newspapers) and Maharashtra Times and Navshakti local Marathi newspapers.

The results are also displayed on the Company's website [www.shrenuj.com](http://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.corpfilings.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	Wednesday, 7 <sup>th</sup> August, 2013– 11.00 a.m. Chavan Centre, 4 <sup>th</sup> Floor, Rangaswar, General Jaganath Bhosale Marg, Mumbai – 400 021
2.	Financial Year and Financial Calendar (tentative and subject to change)	i) Financial Year - April – March ii) First Quarter Results – by 14 <sup>th</sup> August, 2013 iii) Half Yearly Results – by 14 <sup>th</sup> November, 2013 iv) Third Quarter Results – by 14 <sup>th</sup> February, 2014 v) Fourth Quarter and year ending Results – by 30 <sup>th</sup> May, 2014 vi) Annual General Meeting – in August, 2014
3.	Dates of Book Closure	1 <sup>st</sup> August, 2013 to 7 <sup>th</sup> August, 2013 (Both days inclusive)
4.	Dividend Payment Date	Tuesday, 13 <sup>th</sup> August, 2013
5.	Listing on Stock Exchanges at	Bombay Stock Exchange Limited (BSE) (Exchange Code – 523236) National Stock Exchange of India Limited (NSE) (Exchange Code - SHRENUJ) MCX Stock Exchange (Exchange Code - SHRENUJ)
6.	Listing fees for 2013-14	The Company has paid the listing fees for the financial year 2013-14 to the aforesaid Stock Exchanges.
7.	ISIN Number for NSDL & CDSL	INE633A01028 The annual custodian fees for the financial year 2013-14 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, 2nd 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:

76.98% of the equity shares of the Company are in electronic form as on 31<sup>st</sup> March, 2013. 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, the certificates on half-yearly basis confirming due compliance of share transfer formalities by the Company from a Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.

Details of shares transferred in physical /demat form:

Period (From 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013)	No. of Requests/ Trades	No. of Shares Transferred
Shares transferred in Physical Form	68	36,705
Shares transferred in Demat Form at BSE and NSE	71,416	1,40,43,487
<b>Total</b>	<b>71,484</b>	<b>1,40,80,192</b>

**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 2012-13 are given below:

	BSE	NSE
Average daily number of shares traded	27,308	29,319
Average daily price per share (in ₹)	64.82	64.56
Average daily value of shares traded (₹ in Lacs)	17.66	19.19
Average Shares per Trade (Number of Shares)	265	159

#### 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 31<sup>ST</sup> MARCH, 2013: ANNEXURE – B is attached.

#### 14. DEMATERIALIZATION OF SHARES AND LIQUIDITY:

As on 31<sup>st</sup> March, 2013 out of total holding of 9,64,53,629 equity shares, 7,42,49,362 equity shares representing 76.98% of the paid up capital of the Company are in dematerialised form and balance 2,22,04,267 equity shares representing 23.02 % are in physical form. (ANNEXURE – C enclosed).

**NOTE:** - 19861321 equity shares were issued in physical form as on 28<sup>th</sup> March, 2013 on preferential basis and thereafter credited to the respective demat accounts of the allottees on receipt of requisite approvals from the Stock Exchanges.

#### 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, 2013.

#### 17. PLANT LOCATIONS: The Company's factories are located at Opera House, Tardeo, Sona Udyog (Andheri), MIDC (Andheri), Seepz, (Andheri - Mumbai), Surat (Gujarat), Patna (Bihar).

#### 18. ADDRESS FOR CORRESPONDENCE:

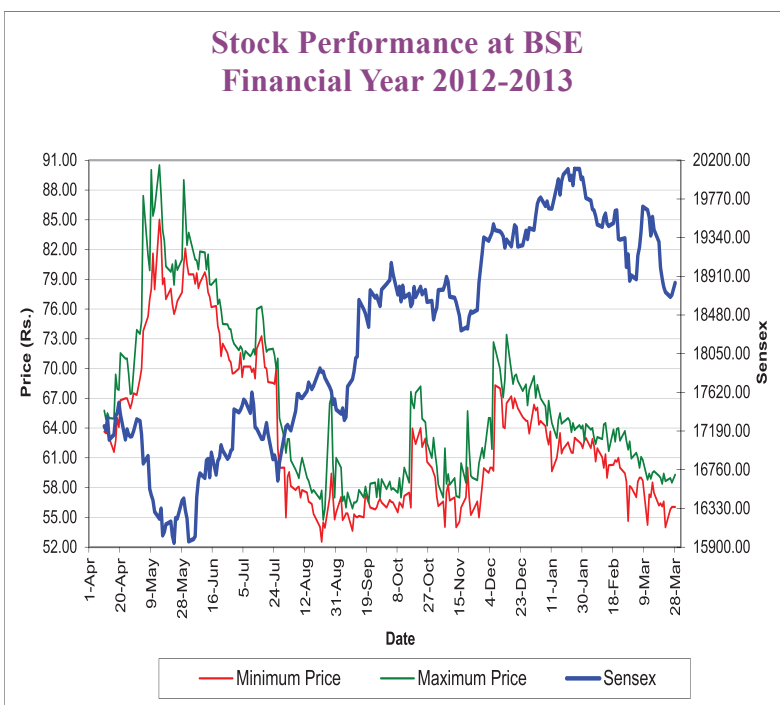
Shareholders can address their correspondence to the registered office of the Company situated at C-405, Dharam Palace, 100-103, N.S. Patkar Marg, Mumbai – 400007 (E-mail id – investor@shrenuj.com, Tel. No. 022-66373500).



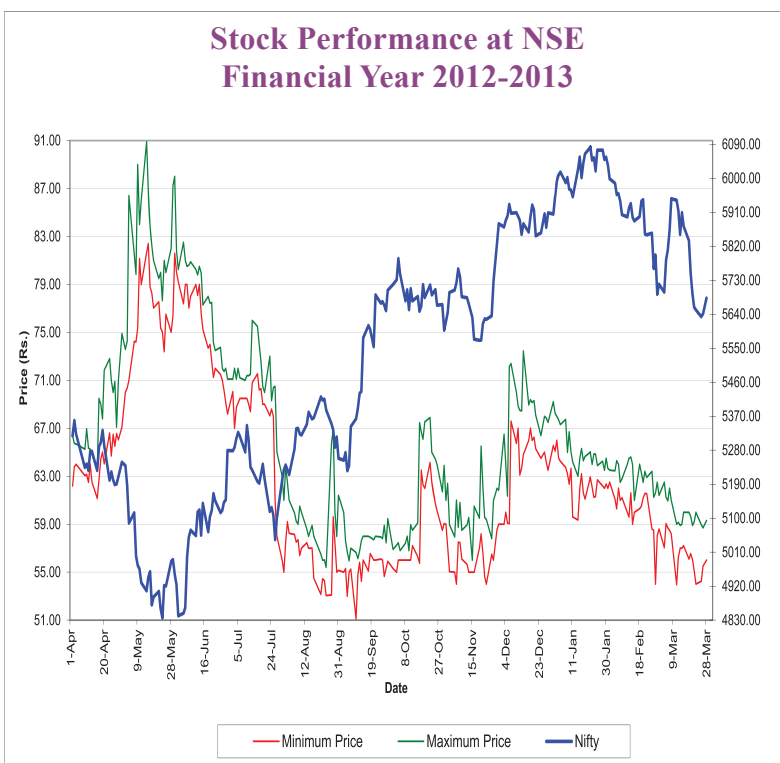
## ANNEXURE - A

### STOCK MARKET DATA FOR THE FINANCIAL YEAR 2012-13

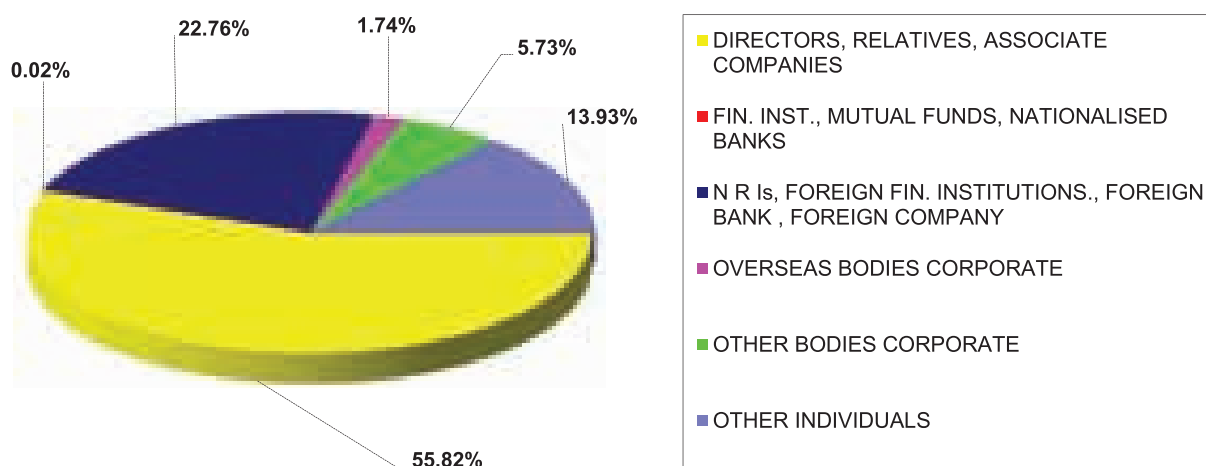
SHARE PRICE / VOLUME AT BOMBAY STOCK EXCHANGE (BSE)			
Period	Low Price ₹	High Price ₹	Total Number of shares traded
April, 2012	61.60	73.90	1,946,614
May, 2012	69.00	90.50	770,060
June, 2012	69.50	83.70	102,008
July, 2012	55.00	76.25	686,505
August, 2012	52.55	67.10	499,713
September, 2012	53.65	60.00	42,523
October, 2012	55.50	68.20	176,130
November, 2012	54.00	65.70	397,523
December, 2012	59.50	73.40	658,557
January, 2013	59.65	68.35	161,578
February, 2013	54.65	64.50	269,106
March, 2013	54.00	61.50	1,061,974
<b>Sub Total (A)</b>			<b>6,772,291</b>



SHARE PRICE / VOLUME AT NATIONAL STOCK EXCHANGE (NSE)			
Period	Low Price ₹	High Price ₹	Total Number of shares traded
April, 2012	61.15	74.90	2,289,617
May, 2012	70.00	90.90	911,536
June, 2012	68.20	82.50	94,095
July, 2012	55.00	76.00	254,378
August, 2012	53.05	66.90	496,497
September, 2012	51.10	60.00	160,236
October, 2012	55.00	67.90	230,337
November, 2012	54.00	65.50	526,454
December, 2012	59.00	73.45	869,778
January, 2013	59.35	68.25	143,587
February, 2013	54.00	64.60	239,167
March, 2013	53.95	62.50	1,055,514
<b>Sub Total (B)</b>			<b>7,271,196</b>
<b>TOTAL VOLUME AT BSE &amp; NSE (A+B)</b>			<b>14,043,487</b>



## ANNEXURE - B

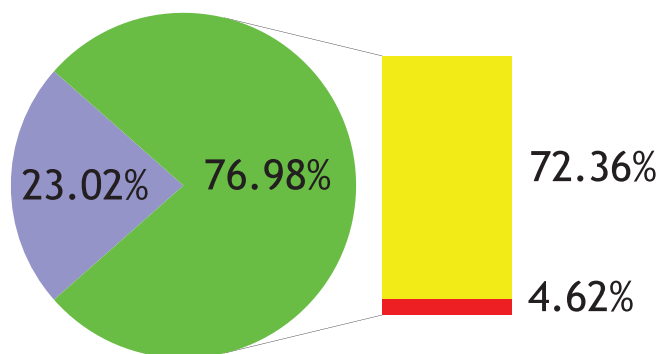
Equity Shareholding Pattern as on 31<sup>st</sup> March, 2013Equity Shareholding Pattern as on 31<sup>st</sup> March, 2013

Directors, Relatives, Associate Companies	53841448	55.82
Financial Institutions, Mutual Funds, Nationalised Banks	17395	0.02
Non Resident Individuals, Foreign Financial Institutions, Foreign Banks	21953294	22.76
Overseas Bodies Corporate	1682706	1.74
Other Bodies Corporate	5524367	5.73
Other Individuals	13434419	13.93
<b>TOTAL...</b>	<b>96453629</b>	<b>100.00</b>

Distribution of Shareholdings as on 31<sup>st</sup> March, 2013

Shareholding of Nominal Value in Rupees	No. of Folios	%	Share Amount	%
Upto 5000	10058	97.68	12042882	6.24
5,001 to 10,000	90	0.87	1340978	0.70
10,001 to 20,000	45	0.44	1298370	0.67
20,001 to 30,000	23	0.22	1144204	0.59
30,001 to 40,000	10	0.10	684958	0.36
40,001 to 50,000	7	0.07	625206	0.32
50,001 to 1,00,000	23	0.22	3345422	1.73
Above 1,00,001	41	0.40	172425238	89.38
<b>GRAND TOTAL</b>	<b>10297</b>	<b>100.00</b>	<b>192907258</b>	<b>100.00</b>
No. of Shareholders in physical mode	3355	32.58	44408534	23.02
No. of Shareholders in electronic mode	6942	67.42	148498724	76.98



**ANNEXURE - C****Demat Status as on 31<sup>st</sup> March, 2013**

■ Physical Form

■ Central Depository Services (I) Ltd.

■ Demat Form

■ National Securities Depository Ltd.

Physical Form	Demat Form	
22204267	74249362	
	NSDL	CDSL
	69797711	4451651

**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, 2013 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, 2013.

Place : Mumbai  
Date : May 23, 2013

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 Venkatraman Iyengar, 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 for the Financial Year ended 31<sup>st</sup> March, 2013;
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.

SHREYAS K. DOSHI  
CHAIRMAN & MANAGING DIRECTOR

VENKATRAMAN IYENGAR  
CHIEF FINANCIAL OFFICER

Mumbai, May 23, 2013.



## INDEPENDENT AUDITORS' REPORT

To the Members of  
**SHRENUJ & COMPANY LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of **SHRENUJ & COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
  - e. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

**Akshay R. Shah**  
Partner  
Membership No. 103316  
Mumbai  
Dated : 23<sup>rd</sup> May, 2013

## ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" 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 six wholly owned subsidiary companies during the year aggregating to ₹ 1186.62 million, the maximum amount of loans outstanding at any time during the year was ₹ 1615.09 million and the year-end balance in respect of the said loans outstanding is ₹ 1613.11 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 rate of interest wherever applicable, and other terms and condition of the said loans, are not prima facie prejudicial to the interest of the Company.
  - c. The principal amounts are repayable over a period of seven to ten years while interest wherever applicable is payable annually.
  - d. In respect of the said loans and interest thereon wherever applicable, there are no overdue amounts.
  - e. The Company has taken loans from nine parties as listed in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1432.85 million and year end balance in respect of the said loans is ₹ 1024.32 million.
  - f. In our opinion and according to information and explanations given to us, the rate of Interest, wherever applicable, and the other terms and conditions of the said loans are not prima facie prejudicial to the interest of the Company.
  - g. In respect of the loans taken by the Company, payment of Interest and principal amounts, are regular wherever applicable.
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 31<sup>st</sup> March, 2013 for a period of more than six months from the date of becoming payable.
- b. The disputed statutory dues aggregating to ₹ 72.59 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 (₹ Million)
1.	Income Tax Act, 1961	Income-Tax	Commissioner of Income-Tax (Appeals)	FY 01-02	5.37
				FY 02-03	0.92
				FY 05-06	2.35
				FY 07-08	62.62
			Appellate Tribunal	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	0.34
				FY 95-96	0.04
			<b>TOTAL:</b>		<b>72.59</b>

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash loss 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.
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 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: 23<sup>rd</sup> May, 2013

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

(₹ in million)

Particulars	Note	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	192.91	152.82
Reserves and Surplus	2	6,501.28	4,961.18
		<b>6,694.19</b>	5,114.00
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	2,011.67	1,228.06
Deferred Tax Liabilities (Net)	4	91.86	84.36
Other Long Term Liabilities	5	1.29	-
Long Term Provisions	6	31.66	20.08
		<b>2,136.48</b>	1,332.50
<b>Current Liabilities</b>			
Short-Term Borrowings	7	12,389.56	10,286.28
Trade Payables	8	11,172.21	9,283.82
Other Current Liabilities	9	323.50	394.13
Short-Term Provisions	10	179.63	194.37
		<b>24,064.90</b>	20,158.60
<b>Total Equity and Liabilities</b>		<b>32,895.57</b>	<b>26,605.10</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
	11		
Tangible Assets		2,510.02	2,085.83
Intangible Assets		15.72	17.82
Capital Work in Progress		13.57	409.82
		<b>2,539.31</b>	2,513.47
Non-Current Investments	12	1,163.09	1,163.09
Long Term Loans and Advances	13	1,632.10	510.60
		<b>5,334.50</b>	4,187.16
<b>Current Assets</b>			
Current Investments	14	0.15	1.05
Inventories	15	13,771.53	11,207.63
Trade Receivables	16	12,516.58	9,884.20
Cash and Cash Equivalents	17	758.46	718.27
Short-Term Loans and Advances	18	514.35	606.79
		<b>27,561.07</b>	22,417.94
<b>Total Assets</b>		<b>32,895.57</b>	<b>26,605.10</b>

Significant Accounting Policies

Notes to financial statements 1 to 36

As per our Report of even date

**Shreyas K. Doshi**  
Chairman & Managing Director

**Dr. B. R. Barwale**  
**Dr. Surendra A. Dave**  
**Keki M. Mistry**  
**S. S. Thakur**  
**Minoo R. Shroff**  
**H. E. Festus G. Mogae**  
**Nihar N. Parikh**  
**Vishal S. Doshi**  
Directors  
MUMBAI, 23<sup>rd</sup> May, 2013

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

**Akshay R. Shah**  
Partner  
MUMBAI, 23<sup>rd</sup> May, 2013

**Sanjay M. Abhyankar**  
Company Secretary



## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ in million)

Particulars	Note	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>INCOME</b>			
Revenue from Operations	19	22,392.98	20,241.65
Other Income	20	16.08	8.62
<b>Total Revenue</b>		<b>22,409.06</b>	20,250.27
<b>EXPENSES</b>			
Cost of materials consumed	21	13,864.88	17,392.44
Purchase of Stock in trade	22	8,013.35	2,251.95
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	23	(2,286.46)	(1,998.70)
Employee Benefits Expense	24	378.06	360.98
Finance Costs	25	1,012.65	876.68
Depreciation/ Amortisation Expense	26	63.01	63.20
Other Expenses	27	966.09	844.17
<b>Total Expenses</b>		<b>22,011.58</b>	19,790.72
<b>PROFIT BEFORE TAXATION</b>		<b>397.48</b>	459.55
Less: Provision for Taxation - Current		85.00	114.60
Provision for Deferred Taxation		7.50	1.40
<b>PROFIT AFTER TAXATION</b>		<b>304.98</b>	343.55
Earnings per equity share of face value of ₹ 2/- each.	28		
- Basic		3.97	4.52
- Diluted		3.97	4.51

Significant Accounting Policies

Notes to financial statements 1 to 36

As per our Report of even date

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**Vishal S. Doshi**

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

**Akshay R. Shah**  
Partner  
MUMBAI, 23<sup>rd</sup> May, 2013

**Sanjay M. Abhyankar**  
Company Secretary

Directors  
MUMBAI, 23<sup>rd</sup> May, 2013

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	(₹ in million)	
	Financial Year	Financial Year
	2012-2013	2011-2012
<b>(A) Cash flows from operating activities:</b>		
<b>Net Profit before tax and after extraordinary items</b>	<b>397.48</b>	459.55
Adjustments for:		
Depreciation	63.01	63.20
Provision for leave encashment/Gratuity	16.59	3.16
(Profit)/ loss on sale of fixed assets	11.23	0.84
Provision for diminution in investments	-	0.13
Dividend received	(0.04)	(0.04)
Provision for doubtful debts	8.48	-
Finance cost (net)	1,012.65	876.68
Interest income	(7.46)	-
Profit on sale of investment	(0.29)	-
Deferred employee compensation	1.01	1.90
Effects of exchange rate change	179.23	170.56
	<b>1,284.41</b>	1,116.42
<b>Operating Profit before working capital changes</b>	<b>1,681.89</b>	1,575.97
Adjustments for:		
Trade and other receivables	(2,406.90)	(3,198.88)
Inventories	(2,563.90)	(2,765.44)
Trade payables	1,739.53	3,294.94
<b>Cash generated from operations</b>	<b>(1,549.38)</b>	(1,093.41)
Direct taxes paid	(125.82)	(109.00)
<b>Net Cash Flow from operating activities</b>	<b>(1,675.20)</b>	(1,202.41)
<b>(B) Cash flows from investing activities:</b>		
Purchase of fixed assets	(124.12)	(79.74)
Sale of fixed assets	0.57	1.77
Sale of investments	1.19	-
Dividend received	0.04	0.04
Interest income	23.77	23.53
Movement of loans	(1,042.10)	74.49
<b>Net Cash used in investing activities</b>	<b>(1,140.65)</b>	20.09

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	(₹ in million)	
	Financial Year	Financial Year
	2012-2013	2011-2012
<b>(C) Cash flows from financing activities:</b>		
Proceeds from Issue of share capital including share premium	1,052.32	8.91
Increase in long term borrowings	1,086.87	391.57
Increase in short term borrowings	1,772.77	2,048.57
Interest paid	(996.75)	(895.67)
Dividends paid	(49.71)	(45.69)
Tax on dividend	(8.08)	(7.42)
Effects of exchange rate change	(1.39)	4.31
<b>Net Cash used in financing activities</b>	<b>2,856.04</b>	<b>1,504.58</b>
Net increase in cash and cash equivalents (A+B+C)	40.19	322.26
Opening balance of cash and cash equivalent	718.27	396.01
Closing balance of cash and cash equivalent	758.46	718.27

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

**Shreyas K. Doshi**  
Chairman & Managing Director

**Dr. B. R. Barwale**  
**Dr. Surendra A. Dave**  
**Keki M. Mistry**  
**S. S. Thakur**  
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**H. E. Festus G. Mogae**  
**Nihar N. Parikh**  
**Vishal S. Doshi**  
Directors  
MUMBAI, 23<sup>rd</sup> May, 2013

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

**Akshay R. Shah**  
Partner  
MUMBAI, 23<sup>rd</sup> May, 2013

**Sanjay M. Abhyankar**  
Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

### 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 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

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.



## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

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 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
225,000,000 (225,000,000) Equity Shares of ₹ 2/- each	<b>450.00</b>	450.00
Issued, Subscribed and Paid-up		
96,453,629 (76,409,595) Equity Shares of ₹ 2/- each fully paid-up	<b>192.91</b>	152.82
	<b>192.91</b>	152.82

### 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 had reserved 3,131,527 Equity shares of ₹ 2/- each to be issued to eligible employees of the Company and its subsidiary companies under Employee Stock Option Scheme. Upto 31<sup>st</sup> March, 2013, 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 ₹ 21/- per share. On exercise of options vested, 1,82,713 equity shares have been allotted during the year, cumulative shares allotted being 12,47,163 equity shares and balance of 2,91,500 (P.Y. 27,100) options have lapsed during the year. There are no outstanding options granted to employee.
- c) **Details of shareholders holding more than 5% shares in the Company.**

Particulars	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 2/- each fully paid				
Shreyas K. Doshi	<b>13,349,300</b>	<b>13.84%</b>	11,878,712	15.55%
Vishal S Doshi	<b>7,491,009</b>	<b>7.77%</b>	5,245,421	6.86%
Suman K Doshi	<b>7,552,125</b>	<b>7.83%</b>	7,552,125	9.88%
Shrenuj Investments & Finance Pvt. Ltd.	<b>14,815,251</b>	<b>15.36%</b>	14,119,663	18.48%
HSBC Private Bank (Suisse) SA	<b>5,088,870</b>	<b>5.28%</b>	5,088,870	6.66%
India Max Investment Fund Ltd.	<b>6,140,735</b>	<b>6.37%</b>	-	-

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

Particulars	31 <sup>st</sup> March, 2013 No. of shares	31 <sup>st</sup> March, 2012 No. of shares
Equity shares at the beginning of the year	<b>76,409,595</b>	75,984,995
Add: Shares issued on exercise of Employee Stock Options	<b>182,713</b>	424,600
Add: Shares issued on preferential basis to FII's	<b>15,449,557</b>	-
Add: Shares Issued on conversion of Unsecured Loans from promoters	<b>4,411,764</b>	-
	<b>96,453,629</b>	76,409,595



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last financial statements	20.33	20.33
<b>Revaluation Reserve [Refer note 2(a)]</b>		
Balance as per last financial statements	1,323.44	1,337.28
Less: Transferred to the statement of Profit and Loss Account	(16.21)	(13.84)
	<b>1,307.23</b>	1,323.44
<b>Amalgamation Reserve [Refer note 2(a)]</b>		
Balance as per last financial statements	557.31	564.59
Less: Transferred to the statement of Profit and Loss Account	(7.28)	(7.28)
	<b>550.03</b>	557.31
<b>Securities Premium Reserve</b>		
Balance as per last financial statements	878.46	868.04
Add: Received during the year	1,315.33	10.42
Less: Share Issue Expenses	(2.10)	-
	<b>2,191.69</b>	878.46
<b>Share Option outstanding Account</b>		
Balance as per last financial statements	2.78	5.14
Less: Exercised /Lapsed during the year	(2.78)	(2.36)
	<b>-</b>	2.78
<b>General Reserve</b>		
Balance as per last financial statements	1,100.00	1,065.00
Add: Transfer from Profit and Loss Account	32.00	35.00
	<b>1,132.00</b>	1,100.00
<b>Hedging Reserve [Refer note 2(b)]</b>	<b>8.95</b>	(6.92)
<b>Surplus as per Profit and Loss Account</b>		
Balance as per last financial statements	1,085.78	835.09
Add: Profit / (Loss) for the year	304.98	343.55
<b>Less: Appropriations</b>		
Dividends proposed to be distributed to equity shareholders (₹ 0.60 per share) (P.Y ₹ 0.65 per share)	(57.87)	(49.79)
Tax on dividend	(9.84)	(8.08)
Transferred to General Reserve	(32.00)	(35.00)
	<b>1,291.05</b>	1,085.78
<b>GRAND TOTAL</b>	<b>6,501.28</b>	4,961.18

### Notes:

- The Company had revalued / fair valued its Land and Buildings situated at Mumbai and consequently, there is an additional charge for depreciation of ₹ 23.49 (₹ 21.12 million) for the year ended 31<sup>st</sup> March, 2013 and an amount of ₹ 16.21 million (₹ 13.84 million for previous year) and ₹ 7.28 million (₹ 7.28 million for previous year) 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 1<sup>st</sup> October, 2010. This has no impact on the profit for the 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 gain on these instruments outstanding as at 31<sup>st</sup> March, 2013 amounting to ₹ 8.95 million (P.Y notional loss ₹ 6.92 million) is reflected in the Hedging Reserve account.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)		31 <sup>st</sup> March, 2012 (₹ in million)	
	Non - Current	Current	Non - Current	Current
<b>3 LONG TERM BORROWINGS :</b>				
<b>Secured Loans</b>				
<b>From Bank</b>				
Term Loan from Banks [Refer note 3(a)]	1,087.29	3.80	2.75	51.26
Working Capital Term Loan [Refer note 3(b)]	-	-	-	71.60
<b>From Others</b>				
Term Loan from a company [Refer note 3(c)]	0.86	0.93	1.79	0.93
<b>Unsecured Loans</b>				
From Directors	251.52	-	504.22	-
Inter Corporate Deposits (from Companies under same management)	672.00	-	719.30	-
	<b>2,011.67</b>	<b>4.73</b>	<b>1,228.06</b>	<b>123.79</b>

### Notes:

a) Term Loan from Banks includes:

- ₹ 1,086.00 million (P.Y. NIL) secured by way of first charge on immovable property of one of the director, situated at NCPA Nariman point , Mumbai and residual charge over the current assets of the Company. The loan is collaterally secured by pledge of Company's shares held by the promoters and these are further guaranteed by some of the directors in their personal capacity. It carries interest @ Libor + 4.80% and is repayable over a period of 7 years.
- NIL (P.Y. ₹ 47.42 million) secured by way of first charge on all assets, both present and future, of Unit I of Jewellery Division at Seepz<sup>++</sup>.
- ₹ 5.09 million (P.Y. ₹ 6.59 million) is secured by hypothecation of specific vehicles.

b) Working Capital Term Loan from Banks include:

- ₹ NIL (P.Y. ₹ 71.60 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<sup>++</sup> 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.

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

d) Maturity of Term loan from bank and company is as under

Repayment for the year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Repayment Amount (₹ In million)	50.32	59.73	114.03	244.35	380.10	244.35

e) 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%.

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>4 DEFERRED TAX LIABILITIES (NET)</b>		
<b>Assets</b>		
Provision for unencashed leave/ gratuity	14.50	13.00
Amalgamation expenses	0.17	0.26
	<b>14.67</b>	<b>13.26</b>
<b>Liability</b>		
Depreciation	106.53	97.62
	<b>91.86</b>	<b>84.36</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>5 OTHER LONG TERM LIABILITIES</b>		
Others- Security Deposit	1.29	-
	<b>1.29</b>	-
<b>6 LONG TERM PROVISIONS</b>		
Provision for employee benefits	31.66	20.08
	<b>31.66</b>	20.08
<b>7 SHORT TERM BORROWINGS :</b>		
<b>Secured Loans</b>		
<b>From Bank</b>		
Working Capital Loan from Banks [Refer note (7a)]	12,254.25	10,033.48
Short term loan from banks [Refer note (7b)]	13.01	106.20
	<b>12,267.26</b>	10,139.68
<b>Unsecured Loans</b>		
<b>From Related Parties</b>		
Shareholders	18.00	9.80
Inter Corporate Deposits	80.80	10.30
	<b>98.80</b>	20.10
<b>From Others</b>		
Financial Institution	-	110.00
Fixed Deposits	23.50	16.50
	<b>23.50</b>	126.50
	<b>12,389.56</b>	10,286.28

**Note:**

- 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, office equipment and furnitures & fixtures 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.

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>8 TRADE PAYABLES</b>		
Trade Payables (Refer note 8a)	11,122.89	9,137.28
Advance from Customers	49.32	146.54
	<b>11,172.21</b>	9,283.82

**Note:**

- a) On the basis of information and records available with the Company, there are no outstanding dues as at 31<sup>st</sup> March, 2013 to the Micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debt (Secured):		
Term Loan from Banks [Refer note 3(a)]	3.80	51.26
Working Capital Term Loan from Banks [Refer note 3(b)]	-	71.60
Term Loan from a company [Refer note 3(c)]	0.93	0.93
Duties & Taxes payable	33.89	18.21
Unclaimed Dividend*	2.80	2.72
Deposits	0.86	1.29
Interest accrued but not due	5.87	4.24
Interest accrued and due	51.42	13.38
Income received in advance	-	1.50
Temporary Overdraft	40.06	35.74
Creditors for capital expenditure	11.13	11.25
Other Payables #	172.74	182.01
	<b>323.50</b>	<b>394.13</b>

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

# Other Payables represents creditors for revenue expenditure

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>10 SHORT TERM PROVISIONS</b>		
Taxation	85.00	114.60
Provision for employee benefits	26.92	21.91
Proposed dividend	57.87	49.79
Tax on proposed dividend	9.84	8.08
	<b>179.63</b>	<b>194.37</b>

### 11 FIXED ASSET

(₹ in million)

Sr. No	Particulars	Gross Block				Depreciation/ Amortisation				Net Block	
		As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the year	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>I</b>	<b>Tangible Assets</b>										
	<b>Own Assets</b>										
	Freehold Land	675.46	-	-	675.46	-	-	-	-	675.46	675.46
	Leasehold Land	72.03	-	-	72.03	2.19	-	-	2.19	69.84	69.84
	Building*	990.51	405.43	-	1,395.94	113.45	35.12	-	148.57	1,247.37	877.06
	Leasehold improvements	3.56	-	-	3.56	3.39	-	-	3.39	0.17	0.18
	Plant and Equipment	329.05	22.00	19.80	331.25	103.67	16.07	8.99	110.75	220.50	225.38
	Electrical Installations	75.68	17.86	0.07	93.47	28.91	3.92	0.01	32.82	60.65	46.77
	Office Equipment	158.04	22.49	0.34	180.19	78.35	9.16	0.16	87.35	92.84	79.69
	Furnitures & Fixtures	170.27	43.65	0.07	213.85	86.00	10.73	0.02	96.71	117.14	84.27
	Vehicles	40.71	3.46	1.58	42.59	16.33	3.61	0.89	19.05	23.54	24.38
	Yacht	4.45	-	0.01	4.44	1.62	0.31	-	1.93	2.51	2.83
	<b>TOTAL ( A )</b>	<b>2,519.76</b>	<b>514.89</b>	<b>21.87</b>	<b>3,012.78</b>	<b>433.91</b>	<b>78.92</b>	<b>10.07</b>	<b>502.76</b>	<b>2,510.02</b>	<b>2,085.86</b>
<b>II</b>	<b>Intangible Assets</b>										
	Computer Software	47.16	5.49	-	52.65	33.05	5.95	-	39.00	13.65	14.11
	Trademarks	6.49	-	-	6.49	6.17	-	-	6.17	0.32	0.32
	Technical Knowhow	8.11	-	-	8.11	4.74	1.62	-	6.36	1.75	3.37
	<b>TOTAL ( B )</b>	<b>61.76</b>	<b>5.49</b>	<b>-</b>	<b>67.25</b>	<b>43.95</b>	<b>7.58</b>	<b>-</b>	<b>51.53</b>	<b>15.72</b>	<b>17.80</b>
<b>III</b>	<b>Capital Work-in-progress</b>										
	Building Under Construction	-	-	-	-	-	-	-	-	13.57	409.82
	<b>TOTAL ( C )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.57</b>	<b>409.82</b>
	<b>Total [A+B+C] (Current Year)</b>	<b>2,581.52</b>	<b>520.38</b>	<b>21.87</b>	<b>3,080.03</b>	<b>477.86</b>	<b>86.50</b>	<b>10.07</b>	<b>554.29</b>	<b>2,539.31</b>	<b>2,513.47</b>
	Previous Year	2,908.79	87.00	4.46	2,991.34	395.39	84.32	1.85	477.87	2,513.47	-

#### Note:

a)\* Building includes ₹ 9.98 million being the cost of shares in Co-operative Housing Society/Company.

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>12 NON-CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
<b>In Wholly Owned Subsidiary Companies - Unquoted</b>		
5,000 (5,000) Equity Shares of Shrenuj Overseas Ltd. of ₹100/- each fully paid up	0.50	0.50
50,000 (50,000) Equity Shares of Shrenuj Lifestyle Ltd. of ₹ 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
<b>In Subsidiary Companies - Unquoted</b>		
3,750,000 (3,750,000) Equity Shares of Daily Jewellery Ltd. of HK\$ 1.00 each fully paid up	17.01	17.01
<b>In Associate companies - Unquoted</b>		
2,810,000 (2,810,000) Equity Shares of Kiara Jewellery Pvt. Ltd. of ₹ 10/- each fully paid up	28.10	28.10
350,000 (350,000) Equity Shares of Arisia Jewellery Pvt. Ltd. of ₹10/- each fully paid up	3.50	3.50
	<b>1,163.09</b>	<b>1,163.09</b>
Aggregate of Unquoted Investments - At Book Value	<b>1,163.09</b>	<b>1,163.09</b>
<b>13 LONG TERM LOANS AND ADVANCES</b>		
<b>Secured Advances / Deposits</b>		
Deposit with Government Authorities	0.68	0.60
<b>Unsecured Advances</b>		
Capital Advances	6.26	6.71
Security Deposits	9.69	13.05
Loans & Advances to Related Parties [Refer note 13(a)]	1,613.11	489.96
Other Loans & Advances	2.36	0.28
	<b>1,632.10</b>	<b>510.60</b>
<b>a) Loans and Advances to Wholly Owned Subsidiary Companies:</b>		
1) Shrenuj Japan Corporation	10.15	9.51
2) Astral USA Inc	3.38	3.17
3) Astral Holding Inc	414.21	388.05
4) Shrenuj Lifestyle Limited	110.23	89.23
5) Shrenuj (Mauritius) Pvt Limited	803.64	-
6) Shrenuj DMCC	271.50	-
b) Loans and Advances shown above, fall under the category of Long Term Loans and Advances repayable over a period of 5 to 7 years		
c) Loans and Advances from parties (1) to (4) are interest free and (5) to (6) are Interest bearing.		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### d) Investment by the Loanee in subsidiary companies

	2012-13 No. of Shares	2011-12 No. of Shares
<b>Investment by Shrenuj Mauritius (Pvt.) Ltd. in subsidiaries during the year</b>		
Shrenuj NV	13,836	16,841
<b>Investment by Astral Holding Inc. in subsidiaries during the year</b>		
Simon Golub & Sons	792.87	276.58
	<b>31<sup>st</sup> March, 2013 (₹ in million)</b>	<b>31<sup>st</sup> March, 2012 (₹ in million)</b>

### 14 CURRENT INVESTMENTS

#### Other Investments

##### Others- Unquoted

2,500 (2,500) Equity Shares of Saraswat Co-Operative Bank Ltd. of ₹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
11,713.442 units of Kotak Select Focus Fund-G	-	0.20

Less : Provision for diminution in value of Investment

	-	1.20
	-	0.30
	-	0.90
	<b>0.15</b>	<b>1.05</b>

Aggregate of quoted Investments - At cost

Aggregate of quoted Investments - At Market Value

	-	1.20
	-	0.90

### 15 INVENTORIES

(As valued, verified and certified by the Management)

Raw materials	4,608.09	4,331.46
Stock in Trade	724.78	343.30
Finished goods	8,430.03	6,525.05
Stores, Spares etc.	8.63	7.82
	<b>13,771.53</b>	<b>11,207.63</b>

### 16 TRADE RECEIVABLES

#### Unsecured

Outstanding for over six months

Considered Good	1,879.32	842.10
Considered Doubtful	8.48	-

Less : Provision for doubtful debts

	1,887.80	842.10
	8.48	-
	<b>1,879.32</b>	<b>842.10</b>

Other Debtors

Considered Good [Refer note 16(a)]	10,637.26	9,042.10
	<b>12,516.58</b>	<b>9,884.20</b>

#### Note:

a) Debts due from Company under the same management:

SHL Gems and Jewellery Limited	-	1.01
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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>17 CASH AND BANK BALANCES</b>		
Cash on hand	1.28	1.20
<b>Balance with Scheduled Banks</b>		
Current Accounts *	372.52	412.95
Fixed Deposits **	95.63	195.07
Bank Deposits with more than 12 months maturity	72.87	7.98
Margin Deposit Accounts	216.16	101.07
	<b>758.46</b>	<b>718.26</b>
* Includes unclaimed dividend ₹ 2.80 million (P.Y ₹ 2.72 million)		
** Includes ₹ 47.00 million (P.Y ₹ 195.07 million pledged with Banks as Security)		
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured Advances</b>		
Advance Tax (net of provisions)	91.19	79.97
Sales Tax/ Service Tax Refundable	61.30	54.05
Prepaid Expenses	18.81	22.71
Advance to Suppliers	287.45	422.10
Others*	55.60	27.96
	<b>514.35</b>	<b>606.79</b>
* Includes primarily Interest on loans, Loans & Advance to employees, receivable on cancellation of Forward Exchange Contracts etc.		
<b>19 REVENUE FROM OPERATIONS</b>		
Sale of Products	22,387.27	20,234.92
Income from Service charges	5.71	6.73
	<b>22,392.98</b>	<b>20,241.65</b>
<b>(a) Details of Product Sold</b>		
<b>Finished goods sold</b>		
Diamond	9,284.10	12,308.77
Jewellery	5,264.31	5,574.66
<b>Traded goods sold</b>		
Diamond	6,722.11	1,157.58
Jewellery	1,116.75	1,193.91
<b>(b) Earning in Foreign Exchange:</b>		
F.O.B. Value of goods exported	15,978.07	16,478.20
<b>20 OTHER INCOME</b>		
Interest from others	7.46	-
Dividend Income on Current Investments	0.04	0.04
Profit on sale of Investments	0.29	-
Other non operating income	8.29	8.58
	<b>16.08</b>	<b>8.62</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>21 COST OF RAW MATERIALS CONSUMED</b>		
Raw Material Stock at commencement	4,331.46	3,562.71
Add: Purchases	14,434.11	18,446.36
	<b>18,765.57</b>	22,009.07
Less: Sale of raw materials	292.60	285.17
Stock at close	4,608.09	4,331.46
	<b>4,900.69</b>	4,616.63
	<b>13,864.88</b>	17,392.44
<b>(a) Details of Raw Material Consumed</b>		
Diamond Division	9,338.33	13,203.10
Jewellery Division	4,526.55	4,189.34
<b>(b) Value of imported and indigenous Consumption:</b>		
	<b>2012-2013</b>	2011-2012
	% (₹ in Million)	% (₹ in Million)
<b>Raw Materials:</b>		
Directly Imported	46.58      6,457.98	66.48      11,562.30
Indigenously obtained	53.42      7,406.90	33.52      5,830.14
	<b>100.00      13,864.88</b>	100.00      17,392.44
<b>22 PURCHASE OF FINISHED GOODS</b>		
	<b>8,013.35</b>	2,251.95
<b>(a) Details of Purchases</b>		
Diamond	6,907.55	1,146.03
Jewellery	1,105.80	1,105.92
<b>(b) Value of Imports on C.I.F. Basis:</b>		
Raw Materials / Purchases	15,525.28	13,869.22
Capital Goods	12.27	18.12
Stores and Spare parts	7.70	7.23
<b>23 VARIATION IN STOCK OF FINISHED GOODS</b>		
Stock at commencement of finished goods / stock-in-trade	6,868.35	4,869.65
Less: Stock at close	9,154.81	6,868.35
	<b>(2,286.46)</b>	(1,998.70)
<b>24 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages, Allowances & Other Benefits	267.02	256.08
Directors Remuneration	40.70	36.50
Contribution to PF & Other Funds	46.21	42.98
Staff Welfare expenses	23.12	23.52
Employee Stock Option Scheme	1.01	1.90
	<b>378.06</b>	360.98

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(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 ₹ 20.42 million (₹ 16.64 million) for Provident Fund and ₹ 2.69 million (₹ 1.09 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.

### 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 ₹ NIL (₹ 0.05 million) has been paid as advance against the premium and the same is adjusted against the provision for gratuity.

	Gratuity (Funded)			Leave Encashment (Funded)		
	2012-2013	2011-2012	2010-2011	2012-2013	2011-2012	2010-2011
<b>a. Reconciliation of opening and closing balances of Defined Benefit Obligation:</b>						
Liability at the beginning of the year	21.22	14.91	8.10	23.43	23.96	18.40
Current service cost	1.70	1.34	0.93	1.72	3.27	3.58
Interest cost	2.34	1.19	0.65	2.05	1.98	1.53
Actuarial (Gain) / Loss	2.10	7.06	5.76	11.31	(0.88)	0.45
Benefit paid	(1.74)	(3.27)	(0.53)	(6.86)	(4.89)	-
Liability at the end of the year	25.62	21.22	14.91	31.65	23.43	23.96
<b>b. Reconciliation of opening and closing balances of Fair Value of Planned Assets:</b>						
Fair Value of planned assets at the beginning of the year	10.33	12.19	11.66	3.12	2.87	2.71
Expected return on planned asset	1.34	1.41	1.06	0.26	0.23	0.23
Employers' contribution	5.36	-	-	-	-	-
Actuarial gain / (loss)	-	-	-	0.02	0.02	(0.06)
Benefit paid	(1.74)	(3.27)	(0.53)	-	-	-
Fair Value of planned assets at the end of the year	15.29	10.33	12.19	3.40	3.12	2.87
Actual return on planned assets	1.34	1.41	1.06	0.26	0.23	0.23
<b>c. Amount recognised in the Balance Sheet</b>						
Liability at the end of the year	25.62	21.22	14.91	31.65	23.43	23.96
Fair Value of planned assets at the end of the year	15.29	15.67	12.19	3.40	31.20	2.87
Amount recognised in the Balance Sheet	10.33	5.55	2.72	28.25	20.31	21.08



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	Gratuity (Funded)			Leave Encashment (Funded)		
	2012-2013	2011-2012	2010-2011	2012-2013	2011-2012	2010-2011
<b>d. Expenses recognised in the Profit &amp; Loss account:</b>						
Current service cost	2.34	1.34	0.93	1.72	3.27	3.58
Interest cost	1.70	1.19	0.65	2.05	1.98	1.53
Expected return on planned asset	(1.34)	(1.41)	(1.06)	(0.26)	(0.23)	(0.23)
Actuarial (Gain) / Loss	2.10	7.05	5.76	11.29	(0.89)	0.50
Net expense recognised in Profit & Loss account	4.80	8.17	6.28	14.79	4.12	5.39
<b>e. Investment details:</b>	%	%	%	%	%	%
	invested	invested	invested	invested	invested	invested
Insurance Policies	100.00	100.00	100.00	100.00	100.00	100.00
<b>f. Actuarial assumptions:</b>						
Mortality Table	LIC 1994-96	LIC 1994-96	LIC 1994-96	IALM 1994-96	IALM 1994-96	IALM 1994-96
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)	8.00	4.00	4.00	8.00	8.00	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.

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>25 FINANCE COST</b>		
Interest Expense		
On Term loan	7.63	67.12
To Banks	773.81	631.93
To Others	209.66	183.41
	<b>991.10</b>	882.46
Other Borrowing Cost	45.32	17.75
Less : Interest received [Refer note 25(a)]	23.77	23.53
	<b>1,012.65</b>	876.68

**Note:**

a) Tax Deducted at Source on Interest received	1.31	1.28
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**26 DEPRECIATION AND AMORTISATION EXPENSES**

Depreciation of tangible assets	78.92	74.06
Amortisation of intangible assets	7.58	10.26
	<b>86.50</b>	84.32
Less: Transfer from Revaluation Reserve	16.21	13.84
Less: Transfer from Amalgamation Reserve	7.28	7.28
	<b>63.01</b>	63.20

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>27 OTHER EXPENSES:</b>		
<b>Manufacturing Expenses:</b>		
Stores and spares consumed	36.74	41.92
Power and fuel	36.88	33.16
Subcontracting charges/Processing expenses	383.68	366.27
Rent	6.54	5.69
Rates and taxes	4.95	4.14
Machinery repairs	1.32	1.33
Other manufacturing expenses	31.42	22.43
	<b>501.53</b>	474.94
<b>Selling and Distribution Expenses</b>		
Marketing / Advisory Expenses	-	0.25
Freight and forwarding charges	23.25	23.78
Sales promotion Expenses	22.22	19.81
Advertisement Expenses	1.59	3.22
Brokerage & Commission	13.44	26.31
Other Selling and Distribution expenses	74.95	66.93
	<b>135.45</b>	140.30
<b>Miscellaneous Expenses</b>		
Insurance	24.95	26.95
Other repairs	26.26	21.04
Legal and professional charges	67.58	19.64
Sundry expenses	83.35	48.34
Remuneration to Auditors [Refer note 27(c)]	1.46	1.37
Donations	0.03	3.84
Bank Charges	105.04	102.71
Provision for Doubtful debt	8.48	-
Provision for diminution in investments	-	0.13
Loss on sale / discarded of Assets	11.23	0.84
Prior period items	0.73	4.07
	<b>329.11</b>	228.93
	<b>966.09</b>	844.17

### (a) Value of imported and indigenous Consumption:

	2012-2013		2011-2012	
	% (₹ in Million)		% (₹ in Million)	
<b>Stores and Spares parts:</b>				
Directly Imported	19.52	7.17	14.26	5.98
Indigenously obtained	80.48	29.57	85.74	35.94
	<b>100.00</b>	<b>36.74</b>	100.00	41.92

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>(b) Expenditure in Foreign Currency</b>		
Foreign Travelling	9.15	11.69
Marketing Expenses	27.96	28.12
Export Commission	21.01	25.27
Legal & Professional Charges	1.41	2.78
Interest	92.15	67.68
Others	43.48	32.57
<b>(c) Remuneration to Auditors</b>		
<b>As auditor:</b>		
- Audit Fees	0.79	0.79
- Tax Audit Fees	0.24	0.16
<b>In other capacity:</b>		
- Taxation Matters	0.16	0.12
- Certification Fees	0.27	0.30
	<b>1.46</b>	<b>1.37</b>

### 28 EARNINGS PER SHARE

i) Profit after Tax available for Equity shareholders	304.98	343.55
ii) Weighted average number of equity shares		
For Basic	76,784,752	76,072,581
For Diluted	76,784,752	76,232,551
iii) Earnings Per Share of ₹ 2/- each		
Basic	3.97	4.52
Diluted	3.97	4.51

### 29 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND:

i) Year to which dividend relates	2011-2012	2010-2011
ii) Number of non-resident shareholders whom remittance was made	30	31
iii) Number of Equity Shares on which remittance was made	1,705,810 of ₹ 2/- each	1,706,060 of ₹ 2/- each
iv) Net amount remitted (₹ in million)	1.11	1.02

### 30. 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 31<sup>st</sup> March, 2013:

Year	Number of Contracts	Notional amount of Forward Contracts	Fair Value Gain / (Loss)	Maturity period
Current Year	14	USD 18.05 million	₹ 8.95 Million	Upto 1 yr
Previous Year	11	USD 13.45 million	₹ (6.92) Million	Upto 2 yrs

In addition to the above cash flow hedges, the Company has outstanding derivative instruments aggregating to ₹ 3183.61 Million (₹ 6304.88 Million) whose fair value showed a net loss of ₹ 7.21 Million (P.Y. loss of ₹ 169.05 Million) and which is accounted for in the Profit and Loss Account.

As of balance sheet date, the Company has foreign currency exposures that are not hedged by a derivative instrument or otherwise amounting to ₹ 8748.49 million (P.Y. ₹ 5,261.01 million) representing receivables and ₹ 20932.79 million (previous year ₹ 13,161.35 million) representing payables.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### 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. NIL). The MTM gain / (loss) of Nil (P.Y. NIL) has been accounted for in the Profit and Loss Account.

**31** The Ministry of Corporate Affairs, Government of India vide its General Circular No. 2 and 3 dated 8<sup>th</sup> February 2011 and 21<sup>st</sup> 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.

**32** Previous year's figures have been reclassified / regrouped wherever necessary.

**33** Segment Information for the year ended 31<sup>st</sup> March, 2013

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.

	<b>31<sup>st</sup> March, 2013</b> <b>(₹ in million)</b>	31 <sup>st</sup> March, 2012 <b>(₹ in million)</b>
<b>34</b> a) Exchange Fluctuations on monetary items (Net) Credited/ (Debited) to Profit and Loss Account	<b>(717.21)</b>	(240.31)
b) Income/(Expenses) relating to previous year credited/debited to respective account	<b>(0.73)</b>	(4.07)
<b>35</b> 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	<b>14,261.90</b>	10,271.47
b) Disputed Income Tax Liabilities not provided for	<b>98.80</b>	98.73
c) Disputed Sales Tax Liabilities not provided for	<b>0.38</b>	0.38
d) Corporate Guarantee executed in favor of Third Party	<b>33.30</b>	21.81
e) Bond executed for import of Capital goods	<b>23.59</b>	16.49
f) Letter of Credit against import of goods	<b>1,576.76</b>	1,135.06
g) Estimated amount of contracts remaining to be executed on capital account	<b>3.35</b>	13.92

### **36 RELATED PARTY TRANSACTIONS:**

As per the Directors

#### **1) Parties where control exists:**

1 Shrenuj Lifestyle Limited	Wholly owned subsidiary
2 Shrenuj Overseas Ltd	Wholly owned subsidiary
3 Shrenuj DMCC	Wholly owned subsidiary
4 Shrenuj Japan Corporation	Wholly owned subsidiary
5 Shrenuj (Mauritius) Pvt. Ltd.	Wholly owned subsidiary
6 Shrenuj Jewellery (Far East) Ltd.	Wholly owned subsidiary
7 Shrenuj Botswana (Pty.) Ltd	Wholly owned subsidiary
8 Shrenuj South Africa (Pty) Ltd.	Wholly owned subsidiary
9 Shrenuj N.V.	Wholly owned subsidiary
10 Shrenuj GmbH	Wholly owned subsidiary
11 Shrenuj Australia Pty. Ltd.	Wholly owned subsidiary
12 Lume Group AG	Wholly owned subsidiary

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

13 Astral USA, INC.	Wholly owned subsidiary
14 Shrenuj USA, LLC	Wholly owned subsidiary
15 Astral Jewels LLC	Wholly owned subsidiary
16 Astral Holding INC	Wholly owned subsidiary
17 Alija International Pty Ltd	Wholly owned subsidiary
18 Global Marine Diamonds Company	Wholly owned subsidiary
19 Ithemba Diamonds (Pty) Ltd	Wholly owned subsidiary
20 Uxolo Diamond Cutting Works (Pty) Limited	Wholly owned subsidiary
21 Simon Golub & Sons INC	Wholly owned subsidiary
22 Daily Jewellery Ltd.Hong Kong	Subsidiary
23 Intergems H.K. Ltd.	Subsidiary
24 Shrenuj Shanghai Diamonds Co. Pvt. Ltd.	Subsidiary
25 Bernies International, LLC	Subsidiary

### 2) Associates :

1 Kiara Jewellery Pvt. Ltd.
2 Arisia Jewellery Pvt. Ltd.
3 Jomard SAS
4 SWA Trading Ltd.
5 Copem & Shrenuj
6 Trapz, LLC
7 SHL Gems & Jewellery Ltd.
8 K. K. Doshi & Co.
9 Shrenuj Investments & Finance Pvt. Ltd.
10 Prest Impex Pvt Ltd.

### 3) Key Management Personnel and their relatives:

1 Shri Shreyas K. Doshi
2 Shri Nihar N. Parikh
3 Shri Vishal S. Doshi
4 Mrs. Anjali P. Mehta

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:

	2012-2013 (₹ in Million)	2011-2012 (₹ in Million)
<b>1) Purchase of Raw Materials / Finished goods</b>		
Shrenuj USA LLC	219.72	77.47
Intergems H.K. Ltd.	124.74	325.24
Shrenuj Jewellery (Far East) Ltd.	295.98	533.93
Jomard SAS	3.10	0.46
SWA Trading Ltd.	-	18.97
Shrenuj GmbH	59.65	-
Shrenuj Australia Pty. Ltd.	-	14.03
Shrenuj N.V.	4,198.37	2,791.20
Shrenuj DMCC	1,880.63	1,900.73
Kiara Jewellery Pvt. Limited	69.28	3.30
SHL Gems & Jewellery Limited	1.63	-
Simon Golub & Sons	185.68	68.74
Shrenuj Botswana Pty Ltd.	1,618.52	1,449.24

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	2012-2013 (₹ in Million)	2011-2012 (₹ in Million)
Astral GMBH	-	21.58
Copem & Shrenuj	-	12.38
Ithemba Diamonds (Pty) Ltd	129.95	72.81
K. K. Doshi & Co.	-	60.00
Astral Jewels LLC	2.23	-
Shrenuj Shanghai Diamond Co. Pvt. Ltd.	4.72	-
<b>2) Sale of Raw Materials / Finished goods</b>		
Shrenuj USA, LLC	1,103.94	877.58
Shrenuj DMCC	2,046.40	3,132.08
Shrenuj N.V.	2,281.00	1,532.27
Intergems H.K. Ltd.	1,047.75	1,715.35
Daily Jewellery Ltd.	0.52	0.88
Shrenuj GmbH	65.64	-
Shrenuj Australia Pty. Ltd.	-	0.66
Shrenuj Jewellery (Far East) Ltd.	527.89	330.89
Shrenuj Japan Corporation	-	0.16
Simon Golub & Sons	352.68	620.89
Shrenuj Botswana Pty Ltd.	38.94	103.20
Astral Jewels LLC	-	54.29
Astral GMBH	-	151.40
Shrenuj Lifestyle Limited	30.55	169.76
Shrenuj Shanghai Diamond Co. Pvt. Ltd.	22.13	-
SWA Trading Ltd.	4.26	-
Copem & Shrenuj	13.29	-
K. K. Doshi & Co.	42.30	-
Kiara Jewellery Pvt. Ltd.	102.28	0.01
<b>3) Other Services Rendered</b>		
Shrenuj USA	0.09	0.39
Simon Golub & Sons	-	3.97
Shrenuj N.V.	-	0.10
Shrenuj Jewellery (Far East) Ltd.	3.55	0.18
Shrenuj Overseas Ltd	-	9.21
Shrenuj Lifestyle Limited	1.77	1.76
Shrenuj GmbH	-	0.11
Shrenuj Botswana Pty Ltd.	12.93	34.83
Kiara Jewellery Pvt. Ltd.	5.55	-
<b>4) Other Services Received</b>		
Intergems H.K. Ltd.	-	0.93
Shrenuj Overseas Ltd	-	6.23
Shrenuj Lifestyle Limited	0.02	0.06
Simon Golub & Sons	18.80	0.36
Shrenuj USA, LLC	4.84	0.29
<b>5) Interest received</b>		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	2012-2013 (₹ in Million)	2011-2012 (₹ in Million)
Shrenuj DMCC	1.59	-
Shrenuj (Mauritius) Pvt. Ltd.	4.72	-
<b>6) Interest Paid</b>		
Shrenuj Investments & Finance Pvt. Ltd.	79.11	76.24
Prest Impex Pvt Limited	18.83	5.83
<b>7) Sale of Fixed Assets</b>		
Shrenuj Botswana Pty Ltd.	0.86	0.89
Shrenuj Lifestyle Limited	-	0.67
Uxolo Diamond Cutting Works (Pty) Limited	-	0.11
<b>8) Outstanding Receivable</b>		
Shrenuj USA, LLC	729.68	508.88
Shrenuj N.V.	1,129.27	676.52
Shrenuj DMCC	1,292.65	2,252.96
Intergems H.K. Ltd.	567.22	524.77
Shrenuj GmbH	118.03	148.75
Shrenuj Jewellery (Far East) Ltd.	404.97	442.17
Shrenuj Japan Corporation	5.42	13.36
Simon Golub & Sons	270.92	325.98
Shrenuj Botswana Pty Ltd.	67.26	69.95
Shrenuj Australia Pty Ltd	28.47	-
Shrenuj (Mauritius) Pvt. Ltd.	0.18	-
Astral Jewels LLC	-	9.26
Shrenuj Shanghai Diamond Co. Pvt. Ltd.	6.84	-
Shrenuj Lifestyle Limited	85.55	-
Shrenuj Overseas Ltd.	0.02	-
Copem & Shrenuj	13.32	-
SWA Trading Co. Ltd.	3.82	-
Kiara Jewellery Pvt. Ltd.	4.21	-
<b>9) Outstanding Payable</b>		
Intergems H. K. Ltd.	105.25	81.82
Shrenuj Jewellery (Far East) Ltd.	6.37	171.14
Shrenuj USA, LLC	144.38	78.86
Shrenuj GmbH	310.71	9.21
Shrenuj N.V.	2,691.80	1,545.75
Shrenuj DMCC	1,592.26	1,528.72
Simon Golub & Sons	181.72	70.05
Shrenuj Botswana Pty Ltd.	843.86	695.52
Shrenuj Japan Corporation	-	4.11
Shrenuj Lifestyle Limited	-	180.80
Ithemba Diamonds (Pty) Ltd	-	73.49
Copem & Shrenuj	-	12.98
Jomard SAS	-	2.70
Kiara Jewellery Pvt. Ltd.	9.47	-
SWA Trading Ltd.	3.04	-
SHL Gems & Jewellery Limited	1.43	-
<b>10) Goods sent on consignment</b>		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	2012-2013 (₹ in Million)	2011-2012 (₹ in Million)		
Shrenuj N.V.	-	59.88		
Shrenuj DMCC	34.62	65.38		
<b>11) Guarantees outstanding</b>				
Astral Holding Inc	895.95	839.36		
Shrenuj N.V.	4,984.75	2,543.50		
Shrenuj DMCC	3,192.80	2,629.98		
Intergems H.K. Ltd.	1,498.70	1,404.01		
SWA Trading Ltd.	-	152.61		
Kiara Jewellery Pvt. Ltd.	162.90	145.80		
Simon Golub & Sons	1,504.10	1,017.40		
Shrenuj Botswana Pty Ltd.	1,384.70	1,297.19		
Shrenuj U.S.A	217.20	152.61		
Shrenuj Jewellery (Far East) Ltd.	95.00	89.02		
Shrenuj South Africa Pty Ltd.	325.80	-		
		(₹ in Million)		
<b>12) Inter Corporate Deposits given</b>	<b>Opening Balance</b>	<b>Given during the year</b>	<b>Repaid during the year</b>	<b>Closing Balance</b>
Shrenuj Japan Corporation	9.51	2.63	1.99	10.15
	(8.34)	(1.17)	-	(9.51)
Astral USA Inc	3.17	0.21	-	3.38
	(2.78)	(0.39)	-	(3.17)
Astral Holding Inc	388.05	80.16	54.00	414.21
	(607.82)	(54.00)	(273.77)	(388.05)
Shrenuj Lifestyle Limited	89.23	26.50	5.50	110.23
	(1.51)	(87.72)	-	(89.23)
Shrenuj (Mauritius) Pvt. Ltd.	-	805.12	1.48	803.64
	-	-	-	-
Shrenuj DMCC	-	272.00	0.50	271.50
	-	-	-	-
				(₹ in Million)
<b>13) i) Unsecured Loans received</b>	<b>Opening Balance</b>	<b>Received during the year</b>	<b>Repaid during the year</b>	<b>Closing Balance</b>
Shrenuj Inv. & Finance Pvt. Ltd.	509.30	185.86	172.66	522.50
	(500.00)	(12.50)	(3.20)	(509.30)
Kirtilal K. Doshi	2.10	2.00	-	4.10
	-	(2.10)	-	(2.10)



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ in Million)

13) i) Unsecured Loans received	Opening Balance	Received during the year	Repaid during the year	Closing Balance
Vishal S. Doshi	<b>248.45</b>	<b>3.40</b>	<b>154.40</b>	<b>97.45</b>
	(0.20)	(248.25)	-	(248.45)
Anuj K. Doshi	<b>0.70</b>	-	-	<b>0.70</b>
	(0.70)	-	-	(0.70)
Suman K. Doshi	<b>6.00</b>	<b>4.90</b>	-	<b>10.90</b>
	(1.50)	(4.50)	-	(6.00)
Shreyas K. Doshi	<b>255.77</b>	<b>20.30</b>	<b>120.70</b>	<b>155.37</b>
	(0.77)	(289.20)	(34.20)	(255.77)
Geeta S Doshi	<b>1.00</b>	<b>1.50</b>	<b>1.50</b>	<b>1.00</b>
	-	(1.00)	-	(1.00)
Prest Impex Pvt Ltd	<b>220.30</b>	<b>10.00</b>	-	<b>230.30</b>
	(10.00)	(247.00)	(36.70)	(220.30)

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

(₹ in Million)

	2012-13	2011-12
1 Remuneration to Directors (Details in Corporate governance report)	<b>40.70</b>	38.84
2 Interest payable to Director	<b>37.34</b>	27.42
3 Interest paid to relative (Mrs. Anjali P. Mehta)	<b>0.02</b>	0.00

As per our Report of even date

**Shreyas K. Doshi**  
Chairman & Managing Director

**Dr. B. R. Barwale**  
**Dr. Surendra A. Dave**  
**Keki M. Mistry**  
**S. S. Thakur**  
**Minoo R. Shroff**  
**H. E. Festus G. Mogae**  
**Nihar N. Parikh**  
**Vishal S. Doshi**  
Directors

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

**Akshay R. Shah**  
Partner  
MUMBAI, 23<sup>rd</sup> May, 2013

**Sanjay M. Abhyankar**  
Company Secretary

MUMBAI, 23<sup>rd</sup> May, 2013

## INDEPENDENT AUDITOR'S REPORT

To,  
The Board of Directors of SHRENUJ & COMPANY LIMITED

### Report on Consolidated Financial Statements

1 We have audited the attached Consolidated Financial Statements of SHRENUJ & COMPANY LIMITED ("the Company") and its Subsidiary Companies (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

2 Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

- 3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

- 5 In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the separate audit reports of other auditors on the financial statements/ consolidated financial statements of the Subsidiaries and associates and on the other financial information of the components and management accounts referred to in paragraph below, 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 state of affairs of the Group as at 31<sup>st</sup> March, 2013;
  - b) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date ; and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matters

6. We did not audit the financial statements / consolidated financial statements of thirteen subsidiaries, whose financial statements / consolidated financial statements reflect total assets of ₹ 15,572.80 million as at 31<sup>st</sup> March 2013, total revenues of ₹19,743.28 million and net cash flows amounting to ₹ (291.25) million for the year ended on that date and financial statement of two associates in which the share of profit of the Group is ₹ 4.31 million. These financial statements / consolidated financial statements 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 the reports of other auditors.
7. We have relied upon the unaudited financial statements / information as provided by the Management in respect of twelve subsidiary companies, whose financial statements / consolidated financial statements reflect total assets of ₹17,397.72 million as at 31<sup>st</sup> March, 2013, total revenues of ₹ 17,780.50 million and net cash flows amounting to ₹ 1.34 million for the year then ended and the unaudited financial statement of four associates in which the share of profit of the Group is ₹ 1.36 million and our opinion in so far as it relates to the amounts included in respect of these subsidiaries/associates, is based solely on such unaudited financial statement / information.
8. Our opinion is not qualified in respect of other matters.

**For Rajendra & Co.**

Chartered Accountants

(Firm Registration No. 108355W)

**Akshay R. Shah**

Partner

Membership No.: 103316

Mumbai

Dated: 23<sup>rd</sup> May, 2013

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

(₹ in million)

Particulars	Note	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
Share Capital	1	192.91		152.82	
Reserves and Surplus	2	8,142.47	8,335.38	5,956.15	6,108.97
<b>Minority Interests</b>	3		15.12		90.06
<b>Non-Current Liabilities</b>					
Long-Term Borrowings	4	5,522.52		3,457.58	
Deferred Tax Liabilities (Net)	5	47.06		61.26	
Other Long Term Liabilities	6	17.46		20.64	
Long Term Provisions	7	51.42	5,638.46	54.38	3,593.86
<b>Current Liabilities</b>					
Short-Term Borrowings	8	22,239.89		17,840.84	
Trade Payables	9	6,794.29		5,128.09	
Other Current Liabilities	10	860.78		923.23	
Short-Term Provisions	11	241.88	30,136.83	229.01	24,121.17
<b>Total Equity and Liabilities</b>			<b>44,125.79</b>		<b>33,914.06</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	12	3,045.75		2,612.39	
Intangible Assets		260.92		241.71	
Capital Work in Progress		36.69		428.34	
		<b>3,343.36</b>		<b>3,282.44</b>	
Non-Current Investments	13	203.84		198.32	
Long Term Loans and Advances	14	303.45	3,850.65	259.24	3,740.00
<b>Current Assets</b>					
Current Investments	15	0.15		1.05	
Inventories	16	19,818.53		16,479.97	
Trade Receivables	17	17,819.22		10,722.48	
Cash and Cash equivalents	18	1,468.23		1,717.95	
Short-Term Loans and Advances	19	1,167.05		1,249.75	
Other Current Assets	20	1.95	40,275.14	2.86	30,174.06
<b>Total Assets</b>			<b>44,125.79</b>		<b>33,914.06</b>
Notes to Financial Statements	1 to 44				

As per our Report of even date

**Shreyas K. Doshi**  
Chairman & Managing Director

**Dr. B. R. Barwale**  
**Dr. Surendra A. Dave**

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

**Keki M. Mistry**  
**S. S. Thakur**

**Minoo R. Shroff**  
**H. E. Festus G. Mogae**  
**Nihar N. Parikh**

**Akshay R. Shah**  
Partner  
MUMBAI, 23<sup>rd</sup> May, 2013

**Sanjay M. Abhyankar**  
Company Secretary

**Vishal S. Doshi**  
Directors  
MUMBAI, 23<sup>rd</sup> May, 2013

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ in million)

Particulars	Note	2012-13	2011-12
<b>INCOME</b>			
Revenue from Operations	21	38,621.47	31,505.85
Other Income	22	158.53	91.38
<b>Total Revenue</b>		<b>38,780.01</b>	<b>31,597.23</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	17,283.67	20,386.03
Purchase of Stock in trade	24	18,635.50	8,710.83
Variation in inventory of finished goods & Stock in trade	25	(2,881.94)	(2,396.67)
Employee Benefit Expense	26	1,181.15	1,115.74
Finance Cost	27	1,557.41	1,171.66
Depreciation/ Amortisation	28	112.32	104.19
Other Expenses	29	1,967.71	1,670.25
<b>Total Expense</b>		<b>37,855.82</b>	<b>30,762.03</b>
<b>PROFIT BEFORE TAXATION</b>		<b>924.20</b>	<b>835.20</b>
Less : Provision for Taxation - Current		92.24	129.93
: Provision for Tax in respect of earlier year		93.01	
: Provision for Deferred Taxation		(12.45)	19.06
<b>PROFIT AFTER TAXATION</b>		<b>751.40</b>	<b>686.21</b>
Share of Profit/ (Loss) in Associate		5.67	20.70
Share of (Profit)/ Loss transferred to Minority		(23.31)	(3.51)
		<b>733.76</b>	<b>703.40</b>
Earnings per equity share of face value of ₹ 2/- each.			
- Basic		9.56	9.25
- Diluted		9.56	9.23
Notes to Financial Statements	1 to 44		

As per our Report of even date

**Shreyas K. Doshi**  
Chairman & Managing Director

**Dr. B. R. Barwale**  
**Dr. Surendra A. Dave**

For **RAJENDRA & CO.**,  
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**Akshay R. Shah**  
Partner  
MUMBAI, 23<sup>rd</sup> May, 2013

**Sanjay M. Abhyankar**  
Company Secretary

Directors  
MUMBAI, 23<sup>rd</sup> May, 2013

## CONSOLIDATED CASH FLOW OF SHRENUJ & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

	(₹ in Million)	
	Financial Year 2012-2013	Financial Year 2011-2012
<b>(A) Cash flows from operating activities:</b>		
<b>Net Profit before tax and after extraordinary items</b>	<b>924.20</b>	835.20
<b>Adjustments for:</b>		
Depreciation	112.32	104.19
Provision for Leave Encashment	(9.25)	36.89
(Profit)/Loss on sale of Assets	13.98	2.76
Profit on Sale of Investment	(0.29)	0.13
Deferred revenue expenditure	-	0.56
Dividend Received	(0.04)	(0.11)
Deferred employee compensation	1.01	1.90
Provision for doubtful debts	13.74	-
Interest Expenses (Net)	1,536.67	1,171.66
Deffered gain on lease transaction	(6.24)	-
Effect of exchange rate change	396.39	(240.31)
	<b>2,058.29</b>	1,077.67
<b>Operating Profit before working capital changes</b>	<b>2,982.49</b>	1,912.87
<b>Adjustments for:</b>		
Trade and other receivables	(6,885.53)	(2,598.38)
Inventories	(3,338.56)	(3,771.30)
Trade payables	1,460.31	181.88
<b>Cash generated from operations</b>	<b>(5,781.29)</b>	(4,274.93)
Direct taxes paid	(172.04)	(148.74)
<b>Net Cash Flow from operating activities</b>	<b>(5,953.33)</b>	(4,423.67)
<b>(B) Cash flows from investing activities:</b>		
Purchase of fixed assets	(249.14)	(114.31)
Sale of fixed assets	17.80	-
Purchase of investments	-	(20.91)
Sale of investments	1.19	-
Dividend received	0.04	0.11
Interest income	32.35	43.61
Movement of loans	(0.02)	-
<b>Net Cash used in investing activities</b>	<b>(197.78)</b>	(91.50)

## CONSOLIDATED CASH FLOW OF SHRENUJ & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

(₹ in Million)

	Financial Year 2012-2013	Financial Year 2011-2012
<b>(C) Cash flows from financing activities:</b>		
Proceeds from share capital including share premium	1,052.32	8.91
Capital contributed by Minority (adjusted for their share of Loss)	(74.94)	(22.18)
Proceeds from long term borrowings	-	-
Repayment of long term borrowings	-	-
Increase in long term borrowings	2,366.91	1,574.36
Increase in short term borrowings	4,161.56	5,023.53
Interest paid	(1,545.27)	(1,175.09)
Dividends paid	(49.71)	(45.64)
Tax on dividend	(8.08)	(7.42)
Effects of exchange rate change	(1.39)	4.31
<b>Net Cash used in financing activities</b>	<b>5,901.40</b>	<b>5,360.78</b>
Net increase in cash and cash equivalents (A+B+C)	(249.72)	845.61
Opening balance of cash and cash equivalent	1,717.95	872.35
Closing balance of cash and cash equivalent	1,468.23	1,717.95

**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

**Shreyas K. Doshi**  
Chairman & Managing Director

**Dr. B. R. Barwale**  
**Dr. Surendra A. Dave**  
**Keki M. Mistry**  
**S. S. Thakur**  
**Minoo R. Shroff**  
**H. E. Festus G. Mogae**  
**Nihar N. Parikh**  
**Vishal S. Doshi**  
Directors  
MUMBAI, 23<sup>rd</sup> May, 2013

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

**Akshay R. Shah**  
Partner  
MUMBAI, 23<sup>rd</sup> May, 2013

**Sanjay M. Abhyankar**  
Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	<u>31<sup>st</sup> March, 2013</u> (₹ in Million)	<u>31<sup>st</sup> March, 2012</u> (₹ in Million)
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
225,000,000 (225,000,000) Equity Shares of ₹ 2/- each	<u>450.00</u>	<u>450.00</u>
<b>Issued, Subscribed and Paid-up</b>		
96,453,629 (76,409,595) Equity Shares of ₹ 2/- each fully paid-up	<u>192.91</u>	<u>152.82</u>
	<u>192.91</u>	<u>152.82</u>

### 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 had reserved 3,131,527 Equity shares of ₹ 2/- each to be issued to eligible employees of the Company and its subsidiary companies under Employee Stock Option Scheme. Upto 31<sup>st</sup> March, 2013, 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 ₹ 21/- per share. On exercise of options vested, 1,82,713 equity shares have been allotted during the year, cumulative shares allotted being 12,47,163 equity shares and balance of 2,91,500 (P.Y. 27100) options have lapsed during the year. There are no outstanding options granted to employee.

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

Particulars	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 2/- each fully paid				
Shreyas K. Doshi	<b>13,349,300</b>	<b>13.84%</b>	11,878,712	15.55%
Vishal S Doshi	<b>7,491,009</b>	<b>7.77%</b>	5,245,421	6.86%
Suman K Doshi	<b>7,552,125</b>	<b>7.83%</b>	7,552,125	9.88%
Shrenuj Investments & Finance Pvt. Ltd.	<b>14,815,251</b>	<b>15.36%</b>	14,119,663	18.48%
HSBC Private Bank (Suisse) SA	<b>5,088,870</b>	<b>5.28%</b>	5,088,870	6.66%
India Max Investment Fund Ltd.	<b>6,140,735</b>	<b>6.37%</b>	-	-

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

Particulars	<u>31<sup>st</sup> March, 2013</u>	<u>31<sup>st</sup> March, 2012</u>
	<u>No. of shares</u>	<u>No. of shares</u>
Equity shares at the beginning of the year	<b>76,409,595</b>	75,984,995
Add: Shares issued on exercise of Employee Stock Options	<b>182,713</b>	424,600
Add: Shares issued on preferential basis to FII's	<b>15,449,557</b>	-
Add: Shares Issued on conversion of Unsecured Loans from promoters	<b>4,411,764</b>	-
	<u><b>96,453,629</b></u>	<u>76,409,595</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	<u>31<sup>st</sup> March, 2013</u> (₹ in million)	<u>31<sup>st</sup> March, 2012</u> (₹ in million)
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last financial statements	20.33	20.33
<b>Revaluation Reserve</b> [Refer note 2(a)]		
Balance as per last financial statements	1,323.44	1,337.28
Less: Transferred to the statement of Profit and Loss Account	(16.21)	(13.84)
	<u>1,307.23</u>	<u>1,323.44</u>
<b>Amalgamation Reserve</b> [Refer note 2(a)]		
Balance as per last financial statements	557.31	564.59
Less: Transferred to the statement of Profit and Loss Account	(7.28)	(7.28)
	<u>550.03</u>	<u>557.31</u>
<b>Securities Premium Reserve</b>		
Balance as per last financial statements	878.46	868.04
Add: Received during the year	1,315.33	10.42
Less: Share Issue Expenses	(2.10)	-
	<u>2,191.69</u>	<u>878.46</u>
<b>Share Option outstanding Account</b>		
Balance as per last financial statements	2.78	5.14
Less: Exercised/Lapsed during the year	(2.78)	(2.36)
	<u>-</u>	<u>2.78</u>
<b>General Reserve</b>		
Balance as per last financial statements	1,102.49	1,067.49
Add: Transfer from Profit and Loss Account	33.02	35.00
	<u>1,135.51</u>	<u>1,102.49</u>
<b>Hedging Reserve</b> [Refer note 2(b)]	<u>8.95</u>	<u>(6.92)</u>
<b>Exchange fluctuation Reserve</b>	<u>270.12</u>	<u>52.69</u>
<b>Surplus as per profit and loss account</b>		
Balance as per last financial statements	2,025.58	1,415.04
Add: Profit for the year	733.76	703.40
<b>Less: Appropriations</b>		
Dividends proposed to be distributed to equity shareholders ( ₹ 0.60 per share) (P.Y ₹ 0.65 per share)	(57.87)	(49.79)
Tax on dividend	(9.84)	(8.08)
Transferred to General reserve	(33.02)	(35.00)
	<u>2,658.61</u>	<u>2,025.58</u>
<b>GRAND TOTAL</b>	<u><u>8,142.47</u></u>	<u><u>5,956.15</u></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 ₹ 23.49 ( ₹ 21.12 million) for the year ended 31<sup>st</sup> March, 2013 and an amount of ₹ 16.21 million ( ₹ 13.84 million for previous year) and ₹ 7.28 million ( ₹ 7.28 million for previous year) 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 1<sup>st</sup> 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 gain on these instruments outstanding as at 31<sup>st</sup> March, 2013, amounting to ₹ 8.95 million (P.Y. notional loss ₹ 6.92 million) is reflected in the Hedging Reserve account.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)		31 <sup>st</sup> March, 2012 (₹ in million)	
	Non - Current	Current	Non - Current	Current
<b>3 MINORITY INTEREST</b>				
Minority Interest		15.12		90.06
		<u>15.12</u>		<u>90.06</u>
	31 <sup>st</sup> March, 2013 (₹ in million)		31 <sup>st</sup> March, 2012 (₹ in million)	
<b>4 LONG TERM BORROWINGS :</b>	Non - Current	Current	Non - Current	Current
<b>Secured Loans</b>				
<b>From Bank</b>				
Term Loan from Banks [Refer note 4(a)]	2,466.02	271.34	534.78	224.22
Working Capital Term Loan [Refer note 4(b)]	-	-	-	71.60
<b>From Others</b>				
Term Loan from a company [Refer note 4(c)]	0.86	0.93	1.79	0.93
<b>Unsecured Loans</b>				
- From Directors [Refer note 4(d)]	251.52	-	504.22	-
- Inter Corporate Deposits [Refer note 4(d)] (from Companies under same management)	672.00	-	719.30	-
- From Relatives [Refer note 4 (e)]	-	-	54.77	-
- From Others [Refer note 4(e)]	2,132.12	-	1,642.72	-
	<u>5,522.52</u>	<u>272.27</u>	<u>3,457.58</u>	<u>296.75</u>

### Notes:

4a) Term Loan from Banks includes:

- ₹ 1,086.00 million (P.Y. NIL) secured by way of first charge on immovable property of one of the director, situated at NCPA Nariman point, Mumbai and residual charge over the current assets of the Company. The loan is collaterally secured by pledge of Company's shares held by the promoters and these are further guaranteed by some of the directors in their personal capacity. It carries interest @ Libor + 4.80% and is repayable over a period of 7 years.
- ₹ 400.57 million (P.Y. ₹ 470.54 million) availed by overseas subsidiaries from their respective bankers and are secured against assets situated in their respective countries. These are further guaranteed by corporate guarantees issued by the holding company and some of the Directors in their personal capacity.
- NIL (P.Y. ₹ 47.42 million) secured by way of first charge on all assets, both present and future, of Unit I of Jewellery Division at Seepz++.
- ₹ 5.09 million (P.Y. ₹ 6.59 million) is secured by hypothecation of specific vehicles.
- ₹ 1245.70 million (P.Y. ₹ 234.45 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:

- ₹ NIL (P.Y. ₹ 71.60 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.

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 others availed by overseas subsidiary companies are payable over a period of 3 to 5 years and same are interest free.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>5 DEFERRED TAX LIABILITIES (NET)</b>		
Assets		
Disallowance/Unabsorbed Losses under Income Tax Act	66.96	30.67
	<b>66.96</b>	30.67
Liability		
Depreciation	114.02	91.93
	<b>47.06</b>	61.26
<b>6 OTHER LONG TERM LIABILITIES</b>		
Deposits	1.29	-
Others (Refer Note 38 (b))	16.17	20.64
	<b>17.46</b>	20.64
<b>7 LONG TERM PROVISIONS</b>		
Provision for employee benefits	51.42	54.38
	<b>51.42</b>	54.38
<b>8 SHORT TERM BORROWINGS :</b>		
Secured Loans		
From Bank		
Working Capital Loan from Banks [Refer note 8(a)]	22,086.15	17,559.73
Short term loan from banks [Refer note 8(b)]	13.01	106.20
	<b>22,099.17</b>	17,665.93
Unsecured Loans		
<b>From Related Parties</b>		
From Shareholders	18.00	9.80
Inter Corporate Deposits	99.22	10.30
	<b>117.22</b>	20.10
<b>From Others</b>		
From Banks	-	0.33
From Financial Institution	-	110.00
Fixed Deposits	23.50	16.50
Others	-	27.98
	<b>23.50</b>	154.81
	<b>22,239.89</b>	17,840.84

### Notes:

8a) 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) Collaterally by pledge of fixed deposits and guarantee by some of the Directors in their Personal capacity.
- (iv) Further guaranteed by corporate guarantees issued by Holding company

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>9 TRADE PAYABLES</b>		
Trade Payables	6,738.94	4,972.95
Advance from Customers	55.35	155.14
	<u>6,794.29</u>	<u>5,128.09</u>
<b>10 OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debt (Secured):		
Term Loan from Banks [Refer note 4(a)]	271.34	224.22
Working Capital Term Loan from Banks [Refer note 4(b)]	-	71.60
Term Loan from a Company [Refer note 4(c)]	0.93	0.93
Duties & Taxes payable	38.96	34.28
Unpaid Dividend*	2.80	2.72
Deposits	10.07	1.29
Interest accrued but not due	8.03	22.95
Interest accrued & due	55.90	17.23
Temporary Overdraft	40.06	37.30
Creditors for capital expenditure	11.13	11.26
Other Payables **	421.56	499.45
	<u>860.78</u>	<u>923.23</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, Income received in advance, Liability for MTM Losses.etc		
<b>11 SHORT TERM PROVISIONS</b>		
Taxation	127.35	129.93
Provision for employee benefits	34.93	41.22
Proposed dividend	57.87	49.79
Tax on proposed dividend	9.84	8.08
Others	11.89	-
	<u>241.88</u>	<u>229.01</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### 12 FIXED ASSET

(₹ in million)

Sr. No	Particulars	Gross Block				Depreciation/ Amortisation				Net Block	
		As at 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	As at 01.04.2012	For the year	Deductions/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>I</b>	<b>Tangible Assets</b>										
(i)	<b>Own Assets</b>										
	Freehold Land	701.45	-	0.65	700.80	-	-	-	700.80	701.45	
	Leasehold Land	72.08	-	-	72.08	2.19	-	-	69.89	69.89	
	Building*	1,310.92	446.84	17.51	1,740.25	137.94	49.67	0.04	1,552.68	1,172.98	
	Leasehold improvements	57.84	0.42	-	58.26	42.26	0.82	(0.37)	14.81	15.58	
	Plant and Equipment	430.35	28.47	19.77	439.05	119.80	21.99	7.77	305.03	310.55	
	Electrical Installations	75.69	18.12	0.05	93.76	28.91	3.96	0.01	60.90	46.78	
	Office Equipment	349.12	38.18	4.36	382.94	199.19	24.80	(1.86)	157.09	149.93	
	Furnitures & Fixtures	229.01	56.80	0.19	285.62	133.15	14.96	(3.61)	133.90	95.86	
	Vehicles	72.98	17.27	3.45	86.80	26.41	9.17	(3.07)	48.15	46.57	
	Yacht	4.45	-	-	4.45	1.63	0.31	-	2.51	2.82	
	<b>TOTAL ( A )</b>	<b>3,303.87</b>	<b>606.10</b>	<b>45.98</b>	<b>3,863.99</b>	<b>691.48</b>	<b>125.68</b>	<b>(1.09)</b>	<b>3,045.75</b>	<b>2,612.39</b>	
<b>II</b>	<b>Intangible Assets</b>										
	Computer Software	50.47	18.98	0.09	69.36	36.62	8.21	(0.15)	24.38	13.85	
	Trademarks	169.60	11.47	-	181.07	6.17	0.30	(0.01)	174.59	163.43	
	Technical Knowhow	8.11	-	-	8.11	4.73	1.62	-	1.76	3.38	
	Goodwill	61.04	4.24	5.09	60.19	-	-	-	60.19	61.04	
	<b>TOTAL ( B )</b>	<b>289.22</b>	<b>34.69</b>	<b>5.18</b>	<b>318.73</b>	<b>47.52</b>	<b>10.13</b>	<b>(0.16)</b>	<b>260.92</b>	<b>241.70</b>	
<b>III</b>	<b>Capital Work-in-progress</b>										
	Building Under Construction	-	-	-	-	-	-	-	36.69	428.34	
	<b>TOTAL ( C )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36.69</b>	<b>428.34</b>	
	<b>Total [ A + B + C ]</b>	<b>3,593.10</b>	<b>640.79</b>	<b>51.16</b>	<b>4,182.73</b>	<b>739.00</b>	<b>135.81</b>	<b>(1.25)</b>	<b>3,343.36</b>	<b>3,282.44</b>	
	Previous Year	3,345.87	297.57	50.34	3,593.10	603.29	156.25	20.54	3,282.44		

- Note:**
- Building includes ₹ 9.98 million being the cost of shares in Co-operative Housing Society/Company.
  - Gross Block & CWIP includes ₹ 1,351.11 million added on revaluation of Land, Building and Office Premises as at 1st Apr'10 based on reports issued by independent valuer. Refer note 2 (a).
  - Adjustments in Gross Block & Depreciation is on account of Exchange Fluctuation.

31<sup>st</sup> March, 2013  
(₹ in million)

31<sup>st</sup> March, 2012  
(₹ 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 ₹ 10/- each fully paid up	72.75	61.70
2,500 (2,500) Equity Shares of Jomard SAS fully paid up	119.68	126.42
100 (100) Equity Shares of Copem & Shrenuj fully paid up	3.96	2.60
100 (100) Equity Shares of SWA Trading Ltd. fully paid up	6.86	6.86
100 (100) Equity Shares of Trapz LLC fully paid up	-	-
350,000 (350,000) Equity Shares of Arisia Jewellery Pvt. Ltd. of ₹ 10/- each fully paid up	0.88	0.88
	<u>204.13</u>	<u>198.47</u>
Less : Share of Loss in Trapz LLC	<u>3.08</u>	<u>3.08</u>
	<u>201.04</u>	<u>195.38</u>

#### Other Investments

150,757 (150,757) Intercontinental Jewellery Manufacturing Public Co. Ltd, Thailand	0.51	0.51
Others	2.28	2.42
	<u>2.80</u>	<u>2.94</u>
<b>Total</b>	<u>203.84</u>	<u>198.32</u>
Aggregate of Unquoted Investments - At Book Value	203.84	198.32



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March, 2013 (₹ in million)	31 <sup>st</sup> March, 2012 (₹ in million)
<b>14 LONG TERM LOANS AND ADVANCES</b>		
<b>Secured Advances / Deposits</b>		
Deposit with Government Authorities	0.68	0.60
<b>Unsecured Advances</b>		
Capital Advances	6.26	6.71
Security Deposits	19.35	26.34
Loans and Advances to Associates	32.28	32.26
Other Loans and Advances	244.88	193.33
	<u>303.45</u>	<u>259.24</u>
<b>15 CURRENT INVESTMENTS</b>		
<b>Other Investments</b>		
<b>Others- Unquoted</b>		
2,500 (2,500) Equity Shares of Saraswat Co-Operative Bank Ltd. of ₹10/- each fully paid up	0.03	0.03
165 (165) Equity Shares of Global Trendz Retail (P) Ltd.	0.12	0.12
<b>Mutual funds - Quoted</b>		
13,085.58 units of Birla Sun Life Equity Fund	-	1.00
11713.442 units of Kotak Select Focus Fund-G	-	0.20
	-	1.20
Less : Provision for diminution in value of Investment	-	0.29
	-	0.91
	<u>0.15</u>	<u>1.05</u>
Aggregate of quoted Investments - At cost	-	1.20
Aggregate of quoted Investments - At Market Value	-	0.91
<b>16 INVENTORIES</b>		
(As valued, verified and certified by the Management)		
Raw materials	5,896.16	5,440.41
Stock in Trade	5,173.64	4,132.34
Finished goods	8,739.88	6,899.23
Stores, Spares etc.	8.85	7.98
	<u>19,818.53</u>	<u>16,479.97</u>
<b>17 TRADE RECEIVABLES</b>		
Outstanding for over six months		
Considered Good	1,886.61	482.41
Considered Doubtful	22.06	6.36
	<u>1,908.67</u>	<u>488.77</u>
Less : Provision for doubtful debts	22.06	6.36
	<u>1,886.61</u>	<u>482.41</u>
Other Debtors		
Considered Good [Refer note 17(a)]	15,932.61	10,240.07
	<u>17,819.22</u>	<u>10,722.48</u>
<b>17 a) Debts due from Company under the same management:</b>		
SHL Gems and Jewellery Limited	-	1.01

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	31 <sup>st</sup> March,2013 (₹ in million)	31 <sup>st</sup> March,2012 (₹ in million)
<b>18 CASH AND BANK BALANCES</b>		
Cash on hand	5.85	4.10
<b>Balance with Scheduled Banks</b>		
Current Accounts*	657.56	1,010.77
Fixed Deposits**	396.27	309.52
Bank Deposits with more than 12 months maturity	73.58	8.63
Margin Deposit Accounts	334.98	384.93
	<u>1,468.23</u>	<u>1,717.95</u>
* Includes unclaimed dividend ₹ 2.80 million (P.Y. ₹ 2.72 million)		
**Includes ₹ 47.00 million (P.Y ₹ 195.07 million pledged with Banks as Security)		
<b>19 SHORT TERM LOANS AND ADVANCES</b>		
<b>A. Unsecured Advances</b>		
Advance Taxes ( Net of Provision)	101.56	117.35
Sales Tax/ Service Tax Refundable	146.57	61.04
Interest Receivable	1.47	5.30
Deposits	5.28	13.10
Prepaid Expenses	76.06	67.66
Advance to Suppliers	274.21	456.94
Others *	561.89	528.36
	<u>1,167.05</u>	<u>1,249.75</u>
* (Includes Loan to employees,Other advances, Other receivables Advance for expenses and services)		
<b>20 OTHER CURRENT ASSETS</b>		
Preliminary expenses to the extent not written off	1.95	2.86
	<u>1.95</u>	<u>2.86</u>
<b>21 REVENUE FROM OPERATION</b>		
Sale of Products	38,359.25	31,252.19
Service charges	5.46	6.73
Other Operating Revenues	256.77	246.93
	<u>38,621.47</u>	<u>31,505.85</u>
<b>22 OTHER INCOME</b>		
Consultancy fees	-	0.43
Dividend Income	0.04	0.11
Interest Income	20.74	-
Profit on sale of assets	2.91	0.11
Profit on sale of Investments	0.29	-
Other non-operating Income	134.56	90.73
	<u>158.53</u>	<u>91.38</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	2012-13 (₹ in million)	2011-12 (₹ in million)
<b>23 COST OF RAW MATERIALS CONSUMED</b>		
Raw Material Stock at commencement	5,440.41	4,057.90
Add: Purchases	18,307.50	21,906.74
	<b>23,747.91</b>	25,964.64
Less: Sale of raw materials	568.08	138.20
Stock at close	5,896.16	5,440.41
	<b>6,464.24</b>	5,578.61
	<b>17,283.67</b>	20,386.03
<b>24 PURCHASE OF FINISHED GOODS</b>	<b>18,635.50</b>	8,710.83
<b>25 VARIATION IN STOCK OF FINISHED GOODS</b>		
Stock at commencement	11,031.57	8,634.90
Less: Stock at close	13,913.52	11,031.57
	<b>(2,881.94)</b>	(2,396.67)
<b>26 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages, Allowances & Other Benefits	959.29	947.72
Directors Remuneration (Refer note 44)	40.70	36.50
Contribution to PF & Other Funds	95.40	62.58
Staff Welfare expenses	84.75	67.04
Employee Stock Option Scheme	1.01	1.90
	<b>1,181.15</b>	1,115.74
<b>27 FINANCE COST</b>		
Interest Expense		
On Term loan	21.12	90.28
To Banks	1,252.51	906.17
To Others	210.23	194.38
	<b>1,483.86</b>	1,190.83
Other Borrowing Cost	100.08	24.44
Less : interest received	26.53	43.61
	<b>1,557.41</b>	1,171.66
<b>28 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation of tangible assets	135.81	114.76
Amortisation of intangible assets	-	10.55
	<b>135.81</b>	125.31
Less: Transfer from Revaluation Reserve	16.21	13.84
Less: Transfer from Amalgamation Reserve	7.28	7.28
	<b>112.32</b>	104.19



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	2012-13 (₹ in million)	2011-12 (₹ in million)
<b>29 OTHER EXPENSES:</b>		
<b>Manufacturing Expenses:</b>		
Stores and spares consumed	41.99	53.91
Power and fuel	38.52	36.75
Subcontracting charges / Processing expenses	413.38	366.15
Rent	37.50	30.40
Rates and taxes	6.40	4.89
Building repairs	1.17	1.73
Machinery repairs	4.35	2.71
Other manufacturing expenses	97.07	37.05
	640.38	533.59
<b>Selling and Distribution Expenses</b>		
Marketing / Advisory Expenses	8.32	8.11
Freight and forwarding charges	76.39	87.31
Sales promotion Expenses	38.42	36.49
Advertisement Expenses	105.92	99.29
Brokerage & Commission	127.05	187.71
Other Selling and Distribution expenses	116.83	84.08
	472.93	502.99
<b>Miscellaneous Expenses</b>		
Insurance	53.23	57.72
Other repairs	37.75	27.52
Legal and professional charges	130.60	74.79
Sundry expenses	350.83	274.33
Remuneration to Auditors	5.00	7.23
Donations	1.05	5.87
Bank Charges	217.49	170.97
Loss on sale / discarded Assets	16.89	2.87
Provision for diminution in investments	-	0.13
Provision for doubtful debts	13.74	-
Prior period expenses	27.84	12.24
	854.41	633.67
	1,967.71	1,670.25

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### 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 31.03.2013	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
Astral Jewels LLC (AJL)	USA	100%	ASTRAL

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

Name of the Company	Country of Origin	% Equity Share Capital held as at 31.03.2013	Parent Company
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	100%	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 31.03.2013	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 gain on these instruments outstanding as at 31<sup>st</sup> March, 2013, amounting to ₹ 8.95 Million (previous year notional loss ₹ 6.92 Million) is reflected in the Hedging Reserve account.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

- (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 31<sup>st</sup> March, 2013:

Year	Number of Contracts	Notional amount of Forward contracts	Fair Value Gain / (Loss)	Maturity period
Current Year	14	USD 18.05 million	₹ 8.95 Million	Upto 1 yr
Previous Year	11	USD 13.45 million	₹ (6.92) Million	Upto 2 yrs

In addition to the above cash flow hedges, the Company has outstanding derivative instruments aggregating to ₹ 3183.61 Million (₹ 6304.88 Million) whose fair value showed a net loss of ₹ 7.21 Million (P.Y. loss of ₹ 169.05 Million) and which is accounted for in the Profit and Loss Account.

As of balance sheet date, the Company has foreign currency exposures that are not hedged by a derivative instrument or otherwise amounting to ₹ 8748.49 million (P.Y. ₹ 5,261.01 million) representing receivables and ₹ 20932.79 million (previous year ₹ 13,161.35 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. NIL). The MTM gain / (loss) of Nil (P.Y. NIL) 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:

As a Lessee:

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

	31 <sup>st</sup> March 2013 (₹ In Million)	31 <sup>st</sup> March 2012 (₹ In Million)
Land & Buildings		
- Within 1 year	6.22	2.33
- In the 2nd to 5th year inclusive	0.07	-
	<b>6.29</b>	<b>2.33</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

As a Lessor:

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

	<b>31<sup>st</sup> March 2013</b> (₹ In Million)	31 <sup>st</sup> March 2012 (₹ In Million)
Land & Buildings		
- Within 1 year	2.67	2.33
- In the 2nd to 5th year inclusive	0.76	-
	<u>3.43</u>	<u>2.33</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. Management determined that no impairment charge was required for the year ended March 31, 2013 or 2012
- 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 (₹ 62.33 million) is being amortized and recognized over the term of the lease. A gain in the amount of \$118,750 (₹ 6.24 million) is reported under other income in the Statements of Operations for the fiscal years ended March 31, 2013 and 2012.

	<b>31<sup>st</sup> March 2013</b> (₹ In Million)	31 <sup>st</sup> March 2012 (₹ In Million)
39 Exchange Fluctuations on monetary items (Net) Credited/ (Debited) to Profit and Loss Account	<b>(717.21)</b>	(240.31)
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	<b>162.90</b>	298.41
b) Disputed Income Tax Liabilities not provided for	<b>98.80</b>	98.73
c) Disputed Sales Tax Liabilities not provided for	<b>0.38</b>	0.38
d) Corporate Guarantee executed in favor of Third Party	<b>33.30</b>	21.81
e) Bond executed for import of Capital goods	<b>23.59</b>	16.49
f) Letter of Credit against import of goods	<b>1576.76</b>	1135.06
g) Estimated amount of contracts remaining to be executed on capital account	<b>3.35</b>	13.92
41 Earnings Per Share		
i) Profit after Tax available for Equity shareholders	<b>733.76</b>	703.40
ii) Weighted average number of equity shares		
For Basic	<b>76,784,752</b>	76,072,581
For Diluted	<b>76,784,752</b>	76,232,551
iii) Earnings Per Share of ₹ 2/- each		
Basic	<b>9.56</b>	9.25
Diluted	<b>9.56</b>	9.23

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



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### 43 Segment Information for the year ended 31<sup>st</sup> March, 2013

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

	Diamond	Jewellery	Unallocated	Elimination	Total
<b>Revenue</b>					
External	<b>30794.23</b> (24180.25)	<b>8378.43</b> (8442.23)	- -	<b>551.18</b> (1116.63)	<b>38621.47</b> (31505.85)
<b>Result</b>					
Segment result	<b>2012.81</b> (1476.03)	<b>468.81</b> (530.83)	- -	- -	<b>2481.62</b> (2006.86)
Unallocated income/(expenditure) (net)			- -	- -	<b>0.00</b> 0.00
Interest expenses	<b>1239.27</b> (941.25)	<b>344.67</b> (274.03)	- -	- -	<b>1583.94</b> (1215.27)
Interest income	<b>14.05</b> (25.84)	<b>12.47</b> (17.77)	- -	- -	<b>26.52</b> (43.61)
Profit before taxation	<b>787.59</b> (560.62)	<b>136.61</b> (274.58)	<b>0.00</b> 0.00	- -	<b>924.20</b> (835.20)
Provision for taxation – Current tax and Fringe Benefit Tax	-	-	-	-	<b>92.24</b> (129.93)
Deferred tax	-	-	-	-	<b>(12.45)</b> (19.06)
Profit after taxation					<b>844.41</b> (686.21)
Tax in respect of previous year					<b>93.01</b> 0.00
Minority interest					<b>23.31</b> (-3.51)
Share in profits of Associates					<b>5.67</b> (20.70)
Profit for the year					<b>733.76</b> (703.40)
<b>Other Information</b>					
Segment assets	<b>33894.47</b> (24945.83)	<b>10129.74</b> (8850.88)	<b>0.00</b> 0.00	- -	<b>44024.21</b> (33796.71)
Segment liabilities	<b>28222.27</b> (21119.16)	<b>7221.75</b> (6257.48)	<b>133.41</b> (147.89)	- -	<b>35577.43</b> (27524.53)
Share Capital and Reserves	-	-	<b>8335.36</b> (6108.97)	- -	<b>8335.36</b> (6108.97)
Minority interest	-	-	<b>15.12</b> (90.06)	- -	<b>15.12</b> (90.06)
Provision for taxation less payments	-	-	<b>25.79</b> (12.58)	- -	<b>25.79</b> (12.58)
Unclaimed dividend and proposed dividend incl. Tax on Dividend	-	-	<b>70.51</b> (60.57)	- -	<b>70.51</b> (60.57)
<b>Total of Segment Liabilities</b>	<b>28222.27</b> (21119.16)	<b>7221.75</b> (6257.48)	<b>8580.19</b> (6420.07)	- -	<b>44024.21</b> (33796.71)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	Diamond	Jewellery	Unallocated	Elimination	Total
Capital expenditure (including Work in Progress)	11.70 (412.72)	24.99 (15.62)		- -	36.69 (428.34)
Depreciation (net)	67.93 (61.22)	44.39 (42.98)	-	- -	112.32 (104.19)
Non-cash expenses other than depreciation			0.91 (2.86)	- -	0.91 (2.86)

(ii) Information about Secondary Business Segments (₹ In Million)

Revenue by geographical market	Within India	Outside India	Elimination	Total
External	6399.38 (3328.90)	32222.09 (28176.95)	- -	38621.47 (31505.85)
Carrying amount of segment assets	3234.32 (833.11)	14584.90 (9889.37)	- -	17819.22 (10722.48)

(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.

Prest Impex Pvt. Ltd.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### 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:

	2012-2013 (₹ in Million)	2011-2012 (₹ in Million)
<b>1) Purchase of Raw Materials / Finished goods</b>		
Jomard SAS	3.10	0.46
SWA Trading Ltd.	-	18.97
Kiara Jewellery Pvt. Limited	69.28	3.30
SHL Gems & Jewellery Limited	1.63	-
Copem & Shrenuj	50.62	12.38
K. K. Doshi & Co.	-	60.00
<b>2) Sale of Raw Materials / Finished goods</b>		
SWA Trading Ltd.	4.26	-
Copem & Shrenuj	235.75	-
K. K. Doshi & Co.	42.30	-
Kiara Jewellery Pvt. Ltd.	102.21	0.01
<b>3) Other Services Received</b>	-	-
Kiara Jewellery Pvt. Ltd.	5.55	-
<b>4) Interest Paid</b>		
Shrenuj Investments & Finance Pvt. Ltd.	79.11	76.24
Prest Impex Pvt Limited	18.83	5.83
<b>5) Outstanding Receivable</b>		
Copem & Shrenuj	26.09	-
SWA Trading Co. Ltd.	6.78	-
Kiara Jewellery Pvt. Ltd.	4.21	-
K. K. Doshi & Co.	12.28	-
<b>6) Outstanding Payable</b>		
Copem & Shrenuj	-	12.98
Jomard SAS	-	2.70
Kiara Jewellery Pvt. Ltd.	9.47	-
SWA Trading Ltd.	3.04	-
SHL Gems & Jewellery Limited	1.43	-
<b>7) Guarantees outstanding</b>		
SWA Trading Ltd.	-	152.61
Kiara Jewellery Pvt. Ltd.	162.90	145.80



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ In Million)				
	Opening Balance	Given during the year	Repaid during the year	Closing Balance
8) <b>Inter Corporate Deposits given</b>				
Copem & Shrenuj	3.64		-	3.64
	(3.22)	(0.42)	-	(3.64)
SWA Trading Ltd.	28.62		-	28.62
	(25.28)	(3.34)	-	(28.62)
	Opening Balance	Received during the year	Repaid during the year	Closing Balance
9) <b>Unsecured Loans received</b>				
(i) Shrenuj Inv. & Finance Pvt. Ltd.	509.30	185.86	172.66	522.50
	(500.00)	(12.50)	(3.20)	(509.30)
Kirtilal K. Doshi	2.10	2.00	-	4.10
	-	(2.10)	-	(2.10)
Vishal S. Doshi	248.45	3.40	154.40	97.45
	(0.20)	(248.25)	-	(248.45)
Anuj K. Doshi	0.70	-	-	0.70
	(0.70)	-	-	(0.70)
Suman K. Doshi	6.00	4.90	-	10.90
	(1.50)	(4.50)	-	(6.00)
Shreyas K. Doshi	255.77	20.30	120.70	155.37
	(0.77)	(289.20)	(34.20)	(255.77)
Geeta S Doshi	1.00	1.50	1.50	1.00
	-	(1.00)	-	(1.00)
Prest Impex Pvt Ltd	220.30	10.00	-	230.30
	(10.00)	(247.00)	(36.70)	(220.30)

(₹ In Million)

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

	2012-2013	2011-2012
1 Remuneration to Directors (Details in Corporate governance report)	40.70	38.84
2 Interest payable to Director	37.34	27.42
3 Interest paid to relative (Mrs. Anjali P. Mehta)	0.02	-

As per our Report of even date

**Shreyas K. Doshi**  
Chairman & Managing Director

**Dr. B. R. Barwale**  
**Dr. Surendra A. Dave**  
**Keki M. Mistry**  
**S. S. Thakur**  
**Minoo R. Shroff**  
**H. E. Festus G. Mogae**  
**Nihar N. Parikh**  
**Vishal S. Doshi**  
Directors

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

**Akshay R. Shah**  
Partner  
MUMBAI, 23<sup>rd</sup> May, 2013

**Sanjay M. Abhyankar**  
Company Secretary

MUMBAI, 23<sup>rd</sup> May, 2013

# FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ In Million)

Sr. No.	Name of the Company	Capital	Reserves	Total Assets	Total Liabilities	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	0.57	1.15	1.15		4.87	0.14	0.30			(0.16)	-
2	Shrenuj Lifestyle Limited	0.50	(22.57)	187.53	187.53		188.60	(16.59)	(0.09)			(16.50)	-
3	Daily Jewellery Ltd (Hong Kong)	22.12	(81.07)	322.68	322.68		136.53	(0.60)		(0.14)		(0.46)	-
4	Shrenuj DMCC (Dubai)	133.14	1,739.03	5,662.33	5,662.33	46.70	10,008.06	362.25				362.25	-
5	Shrenuj Japan Corporation	4.10	(28.62)	2.30	2.30		0.04	(4.25)	0.04			(4.29)	-
6	Shrenuj (Mauritius) Pvt Ltd	566.48	135.81	3,085.33	3,085.33	2,269.02	-	(10.61)				(10.61)	-
7	Shrenuj Jewellery (Far-East) Ltd	4.95	49.05	683.80	683.80		899.62	4.21	1.35			2.86	-
8	Shrenuj South Africa Pty Ltd	0.00	(7.32)	94.18	94.18	4.51	4.55	(7.34)	(0.35)			(6.99)	-
9	Shrenuj Botswana Pty Ltd	30.10	54.36	2,233.43	2,233.43		2,108.20	10.33	3.43			6.90	-
10	Intergems H.K.	2.87	194.87	3,005.29	3,005.29	13.09	3,334.99	247.37	92.69	23.20		131.48	-
11	Shrenuj (Shanghai) Diamonds Pvt Ltd	8.16	8.65	331.02	331.02		520.63	(10.43)	1.85	(1.84)		(10.44)	-
12	Shrenuj NV	1,695.80	387.21	9,819.94	9,819.94		15,249.65	29.24	2.63			26.61	-
13	Shrenuj GMBH	1.35	(10.55)	223.51	223.51		33.98	0.19				0.19	-
14	Lume Group AG	43.63	43.15	195.41	195.41		-	(3.85)				(3.85)	-
15	Shrenuj Australia Pty Ltd	0.00	0.24	0.39	0.39		21.87	21.35	0.10			21.25	-
16	Astral USA, Inc	173.80	(25.36)	178.64	178.64	66.76	(13.02)	(20.93)	(7.89)			(13.04)	-
17	Astral Jewels LLC	9.99	(18.25)	0.07	0.07		23.41	23.58	7.89			15.69	-
18	Shrenuj USA LLC	44.97	97.97	1,473.32	1,473.32		1,614.54	5.79				5.79	-
19	Bernies International LLC	2.61	(2.43)	0.28	0.28		17.63	9.70		3.88		5.82	-
20	Astral Holding INC	252.48	(150.66)	1,603.50	1,603.50	1,489.55	-	(44.20)				(44.20)	-
21	Simon Golub & Sons INC	11.71	1,128.98	2,918.68	2,918.68		2,474.56	(69.90)	(21.22)	(1.79)		(46.89)	-
22	Alija International Pty Ltd	0.00	0.41	0.69	0.69		11.33	20.62	0.18			20.44	-
23	Global Marine Diamond Company	38.58	28.86	67.77	67.77		-	(0.31)				(0.31)	-
24	Ithemba Diamonds (Pty) Limited	0.00	(17.10)	167.45	167.45		254.48	2.94	0.68			2.26	-
25	Uxolo Diamond Cutting Works	0.00	(0.02)	711.83	711.83		629.26	5.51	(1.27)			6.78	-

### Exchanged Rate as on 31.03.2013

For Daily Jewellery Ltd. (Hongkong), Shrenuj Jewellery (Far East) Ltd.

For Shrenuj Japan Corporation

For Shrenuj Shanghai

For Shrenuj GMBH, Lume Germany GMBH

For Lume Group AG

For Shrenuj Australia, Alija Intl.

For Shrenuj South Africa

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., Simon Golub &amp; Sons Inc., GMDC, Shrenuj Botswana

1 HK\$ = ₹ 6.9947

1 YEN = ₹ 0.5765

1 RMB Yuan = ₹ 8.7431

1 Euro = ₹ 69.6017

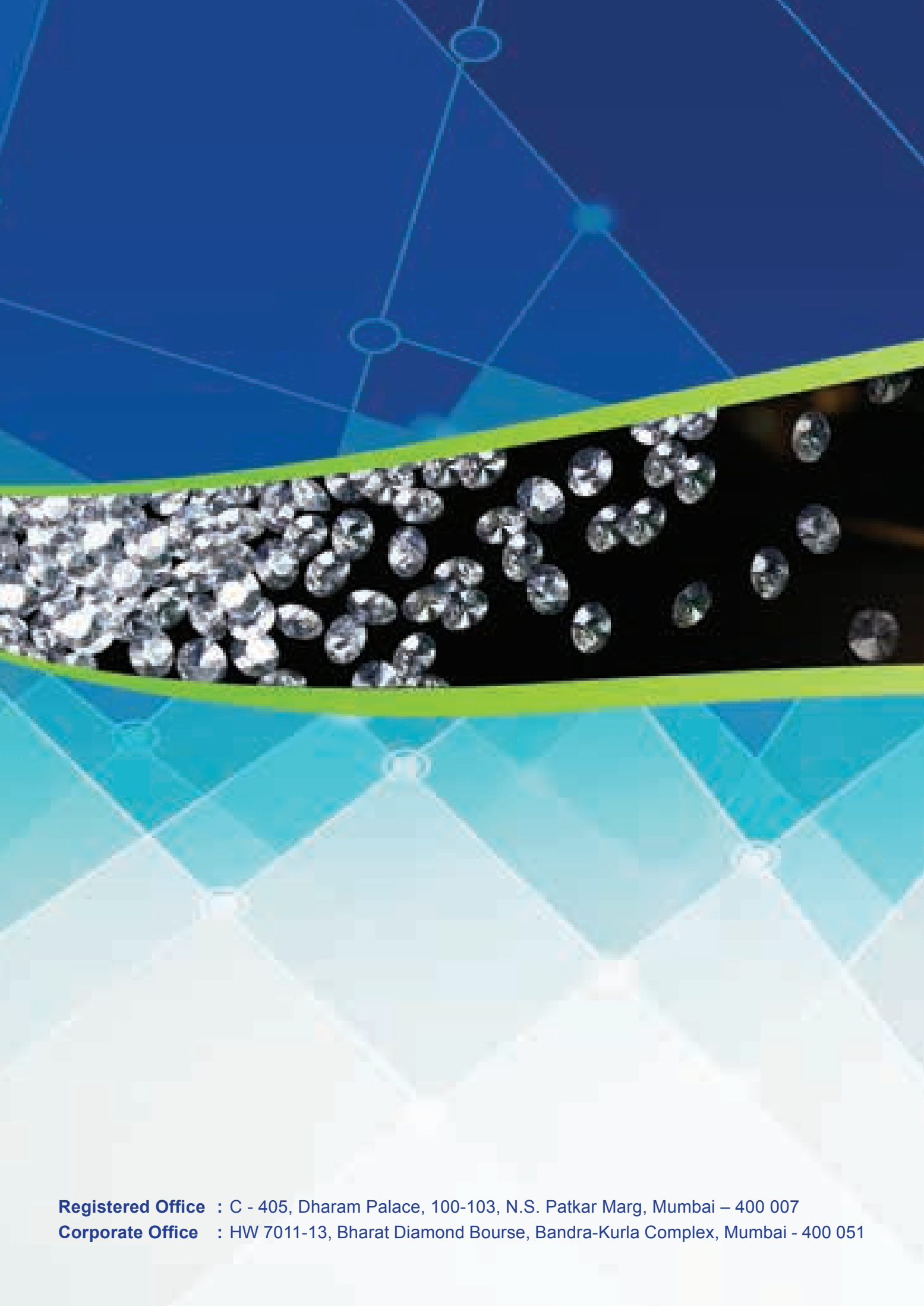
1 CHF = ₹ 57.2121

1 AU\$ = ₹ 56.5643

1 RAND = ₹ 5.8910

1 USD = ₹ 54.30

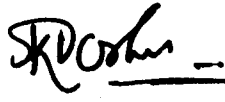


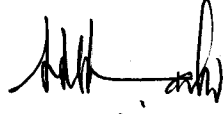




**Registered Office** : C - 405, Dharam Palace, 100-103, N.S. Patkar Marg, Mumbai – 400 007

**Corporate Office** : HW 7011-13, Bharat Diamond Bourse, Bandra-Kurla Complex, Mumbai - 400 051

### FORM A

1.	Name of the Company	SHRENUJ & COMPANY LIMITED
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Un-qualified
4.	Type of Audit observation	Not Applicable
5.	Shri Shreyas Kirtilal Doshi Chairman & Managing Director	
	Shri Venkatraman Iyengar Chief Financial Officer	
	Akshay R. shah Partner Rajendra & Co. Chartered Accountants Firm Registration No. 108355W	
	Shri S. S. Thakur Audit Committee Chairman	

Mumbai, 23<sup>rd</sup> May, 2013.