



**GOLKUNDA DIAMONDS & JEWELLERY LTD.**



**21<sup>st</sup> Annual Report 2010-2011**





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## **GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

### **REGISTERED OFFICE**

G-30, Gems & Jewellery, Complex - III,  
SEEPZ, Andheri (East), Mumbai - 400 096

### **BOARD OF DIRECTORS**

Shri. Kanti Kumar Dadha	(Chairman & Managing Director)
Shri. Karan Singh Baid	(Whole Time Director)
Shri. Arvind Dadha	(Whole Time Director)
Shri. B. K. Ashok	(Professional / Independent Director)
Shri. Mahesh Dadha	(Independent Director) (resigned w.e.f. 03.05.10)
Shri. Gautam Dadha	(Independent Director)
Shri. Mangi Lal Maloo	(Independent Director) (w.e.f. 30.04.2010)

### **BANKERS**

State Bank of India  
Bank of India  
Axis Bank Ltd.

### **AUDITORS**

M/s. A. J. Baliya & Associates  
Chartered Accountants  
Mumbai

### **WORKS**

G-30, Gems & Jewellery Complex - III,  
SEEPZ, Andheri (East), Mumbai - 400 096.

307 / 308, Kapadia Industrial Estate,  
Andheri Kurla Road, Chakala,  
Andheri (East), Mumbai- 400 093.

### **DEMATERIALIZATION OF SECURITIES**

ISIN-INE798D1015

### **WEBSITE**

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



## NOTICE

NOTICE is hereby given that the **21<sup>st</sup> Annual General Meeting** of the members of **Golkunda Diamonds & Jewellery Limited**, will be held at "Banquet Hall", Matoshri Art & Sport Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai - 400 093 on **29<sup>th</sup> September, 2011** at 4.00 P.M. to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit & Loss Account for the year ended on that date together with report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Arvind Dadha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. Gautam Dadha, who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend on Equity Shares of the Company.
5. To appoint Statutory Auditors and fix their remuneration.

### **SPECIAL BUSINESS:**

6. **To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution:**

"RESOLVED THAT subject to provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the members be & is hereby accorded for re-appointment of Mr. Karan Singh Baid as Whole Time Director of the Company and payment of remuneration to him, w.e.f. 10th November, 2011 for the period of three years for an amount not exceeding Rs. 1,00,000/- p.m. including Basic Salary, House Rent Allowance and other Perquisites (as detailed in explanatory statement), Bonus, Performance Incentives, Commission and other additional perquisites as approved by Board from time to time as per the rules of the Company.

FURTHER RESOLVED THAT in the absence of any profit or inadequacy of profit in any financial year during the tenure of appointment, the remuneration payable to the aforesaid appointee shall be as per the limits prescribed in the Schedule XIII to the Companies Act, 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time of the Companies Act, 1956 or as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration:

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,



- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.

The appointment can be terminated by either party by giving 3 months notice.”

**7. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution:**

“RESOLVED THAT in supersession to earlier resolution passed by the members at the Annual General Meeting held 28.09.2006, pursuant to the provisions of Sections 314 (1) and all other applicable provisions, if any, of the Companies Act, 1956 and the Director's Relatives (Office or Place of Profit) Rules, 2003 as amended, consent of the members of the Company be and is hereby accorded for increase in remuneration to Mr. Ashish Dadha, (relative of Mr. Kanti Kumar Dadha & Mr. Arvind Dadha, Directors of the Company) to hold and continue to hold an office or place of profit in the Company as Senior Executive, Finance w.e.f 1<sup>st</sup> October, 2011 on monthly remuneration in the range of Rs.50,000/- to Rs. 1,00,000/- (Gross including all the perquisites, allowances and benefit received from the Company).

**8. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution:**

RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Article No. 110 of the Article of Association be altered and substituted in the following manner:

110. Subject to the provisions of Section 259 of the Act, the number of Directors shall not be less than three, and unless otherwise determined by the Company in General Meeting, more than twelve. The present Directors of the Company are as under:

1. Shri. Kanti Kumar Dadha
2. Shri. Karan Singh Baid
3. Shri. Arvind Dadha
4. Shri. B. K. Ashok
5. Shri. Gautam Dadha
6. Shri. Mangi Lal Maloo

**9. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time, for the purpose of the Company's business any sum or sums of money as it may deem proper, notwithstanding that the moneys to be so borrowed together with the moneys already borrowed by the Company, if any (apart from temporary loans obtained from the



Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, not set apart from any specific purpose, provided however, that the total amount of the money so borrowed by the Board together with the money already borrowed shall not exceed Rs. 100,00,00,000/- (Rupees Hundred Crores only)."

FURTHER RESOLVED THAT the Board of Directors be and are hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, securities or otherwise as they may think fit."

**10. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 293 (1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby granted to the Board of Directors for securing the loans / borrowings of the Company taken from time to time from bankers to the Company or from any financial institutions by way of mortgage and/or charge, in addition to the mortgages/charges created or to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable assets of the Company, both present and future and/or the whole or any part of the undertaking(s), of the Company up to an amount of Rs. 100,00,00,000/- (Rupees One Hundred Crore Only)."

**REGISTERED OFFICE:**

G-30, Gems & Jewellery Complex III,  
SEEPZ, Andheri (East),  
Mumbai-400096

By and on behalf of  
THE BOARD OF DIRECTORS  
**GOLKUNDA DIAMONDS & JEWELLERY LTD.**

**KANTI KUMAR DADHA**

(Chairman & Managing Director)

Date: 30.05.2011

**NOTES:**

- (a) A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself / herself and that proxy need not be a member of the Company.
- (b) Proxy form duly completed must reach the Registered Office of the Company not less than 48 hours before the meeting.
- (c) The Register of Members and Share Transfer Books of the Company will be closed from 24.09.2011 to 29.09.2011. (Both days inclusive).
- (c) Members are requested to bring their attendance slip duly filled in for attending the meeting.
- (d) Members are requested to notify changes, if any, in their registered address



immediately at the Company's Registered Office.

- (e) The Company has code of conduct for all Board Members and Senior Management Personnel of the Company and is duly following the terms of the code in letter and in spirit.
- (f) Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of special business to be transacted at the Annual General Meeting is attached herewith.

**REGISTERED OFFICE:**

G-30, Gems & Jewellery Complex III,  
SEEPZ, Andheri (East),  
Mumbai-400096

By and on behalf of  
THE BOARD OF DIRECTORS  
**GOLKUNDA DIAMONDS & JEWELLERY LTD.**

**KANTI KUMAR DADHA**  
(Chairman & Managing Director)

Date: 30.05.2011

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 6 (Re-appointment of Mr. Karan Singh Baid as Whole Time Director of the Company)**

Tenure of appointment of Shri. Karan Singh Baid as Whole Time Director expires on 9<sup>th</sup> November, 2011. Having regards to the knowledge and experience in the Diamonds & Jewellery Manufacturing Business possessed by Shri Karan Singh Baid, and his contribution in the manufacturing and Human Development Functions and the likely growth of the business of the Company under his able guidance & supervision, it is proposed, subject to approval of members in General Meeting to re-appoint Shri. Karan Singh Baid, as Whole Time Director of the Company w.e.f. 10<sup>th</sup> November, 2011 for the period of three years under Section 269, 198, 309 & other applicable provisions, if any of the Companies Act, 1956 and the same is in compliance with the conditions of Schedule XIII to the Companies Act, 1956. The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year. The appointment and remuneration has been approved by the Board of Directors and Remuneration Committee consisting of three independent directors at their respective meetings.

The terms and conditions of payment of remuneration of Shri Karan Singh Baid are detailed hereunder:

Gross remuneration not exceeding Rs. 1,00,000/- per month including Basic Salary, House Rent Allowance and other Perquisites (as detailed below), Bonus, Performance Incentives, Commission and other additional perquisites as approved by Board from time to time.

As part of above gross remuneration, following Perquisites may be provided on



appointment of Whole Time Director:

**PART "A"**

- (i) Housing: The Company shall provide unfurnished accommodation to the Whole Time Director. If no accommodation is provided, House Rent Allowance @ not exceeding 60% of monthly salary or as per Companies Rule as applicable to other employee whichever is more shall be payable to the Whole Time Director and he is also eligible for reimbursement of expenses/allowances for utilisation of gas, electricity, water & the same will be valued as per Income Tax Rule 1962.
- (ii) Medical Reimbursement: The Reimbursement of medical expenses incurred by the Whole Time Director for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
- (iii) Leave Travel Concession: Leave Travel Concession for the Whole Time Director and his family in a year in accordance with the Rules & Regulation of the Company.
- (iv) Personal Accident Insurance: Personal Accident Insurance of an amount of the annual premium of which does not exceed one month salary or Rs.15,000/- per annum whichever is lower.
- (v) Club Fees: Fees of Club subject to a maximum of two Clubs excluding Admission and Life Membership fees to the Whole Time Director.

**PART "B"**

- (i) Companies Contribution to Provident & Other Fund: Companies Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity: Gratuity payable at a rate not exceeding half a month's salary for each completed year of services.
- (iii) Leave Encashment: Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

**PART "C"**

- (i) Car: The Company shall provide Car with driver while on service.
- (ii) Telephone: Telephone facility at the residence of the Shri. Karan Singh Baid for use of company's business. Reimbursement of telephone bills at residence and Mobile Phone with the condition that personal long distance calls should be logged and paid by him.
- (iii) Leave: Leave on full pay and allowance at the rate of one month for every eleven months of service.

and all other benefits, perquisites and amenities in accordance with rules of the company





and as agreed by the Board of Directors subject to overall ceiling prescribed under Section 198, 309 Schedule XIII and other applicable provisions as may be applicable of the Companies Act 1956 unless otherwise approved by the Central Government. The Company shall pay or reimburse the appointee for all the cost, charges, expenses that may be incurred by him for the purpose of the business of the Company.

For the purpose of computing ceiling on perquisites, the same will be valued as per Income Tax Rules, 1962 wherever applicable.

Notwithstanding the remuneration payable to Shri. Karan Singh Baid as detailed above, wherein any financial year during tenure of office of Shri. Karan Singh Baid, the Company has no profits or its profits are inadequate the Company shall pay remuneration to Shri. Karan Singh Baid by way of Salary, perquisites and other allowance as the case be, such amount not exceeding the limits prescribed in Schedule XIII of the Companies Act, 1956 or within such ceiling limits as may be recodified unless otherwise approved by the Central Government.

The following perquisites however shall not be included in the computation of the ceiling on remuneration as stated above.

- (a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- (c) encashment of leave at the end of the tenure.

The appointment can be terminated by either party by giving 3 months notice.

The above may also be treated as an abstract of the terms of appointment of the Whole-time Director as required under Section 302 of the Companies Act, 1956.

The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice. The copy of appointment letter as given to Shri Karan Singh Baid will be available for inspection to the members at the Registered Office of the Company between 11.00 A.M and 1.00 P.M. on any working day.

None of the Directors except Shri. Karan Singh Baid himself are deemed to be concerned or interested in the above resolution.

The Board recommends passing of the resolution by the members.

**Item No. 7 (Increase in Remuneration of Mr. Ashish Dadha)**

Mr. Ashish Dadha Son of Mr. Kanti Kumar Dadha, Director of the Company was appointed as Senior Executive- Finance w.e.f. 01.04.2006. Considering the involvement of Mr. Ashish Dadha in the business of the Company and in view of benefit to the Company from his services, it is proposed to increase remuneration payable in the range of Rs.50,000/- to



Rs.1,00,000/- per month.

Pursuant to proviso to section 314 (1) of the Companies Act, 1956 read with Rules made thereunder (as amended), the Company may with the approval of members obtained at the General Meeting held by way of special resolution pay higher remuneration to relative of Director to hold place or office of profit.

Mr. Kanti Kumar Dadha and Mr. Arvind Dadha, Directors being relatives are deemed to be concerned or interested in the resolution. Your Board recommends the passing of the resolution.

**Item No. 8 (Alteration of Articles of Association)**

The Articles of Association of the Company at present mentions the name of the Directors as at the time of incorporation of the Company. Due to changes in the Directors of the Company due to resignations and appointments, the same does not correspond with the list of Directors on the Board of the Company at present. With the view to give updated information in the Articles of Association of the Company to all the concerned stakeholders, it would be appropriate to reflect the name of present Directors of the Company in the Articles of Association. The same requires alteration of clause 110 of Articles of Association of the Company defining the list of Directors of the Company.

Pursuant to provisions of Section 31 of the Companies Act, 1956, the Company may with the approval of members of the Company by way of special resolution passed in the General Meeting, alter its Articles of Association.

The copy of existing Articles of Association of the Company along with proposed amendment is available at the Registered Office of the Company on any business of the Company during 10.00 A.M. to 3.00 P.M.

None of the Directors of the Company are deemed to be concerned or interested in the proposed resolution.

The Board recommends passing of the resolution as contained in the notice.

**Item No. 9 (Authority to Borrow Money)**

Pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a Public Company, can not except with the consent of members in general meeting, borrow any sum or sums of money from time to time for the purposes of business of the company, if the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) exceeds the aggregate of the Paid-up Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose.

In order to meet the funds requirement of the Company, and in order to avail additional Banking facilities for the company it needs to approach Banks/ financial institutions for financial assistance in the form of long term or medium term loans.



The Directors therefore, recommend the resolution for approval of the shareholders. None of the Directors of the Company is, in any way, concerned or interested in the resolution.

The Board recommends passing of the resolution as contained in the notice.

**Item No. 10 (Authority to Deal With the Property / Create Charge on the Property )**

Pursuant to the provisions of Section 293 (1) (a) of the Companies Act, 1956 the Board of Directors of a public company, shall not except with the consent of members in general meeting sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the company, or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking;

In order to meet the funds requirement of the company, and in order to avail additional financial facilities for the company it need to approach Banks/ financial institutions or others for financial assistance in the form of long term or medium term loans from time to time which would necessitate to give first/subsequent charge on all or any of the movable or immovable properties of the company, present and future.

The Directors therefore, recommend the resolution for approval of the shareholders. None of the Directors of the Company is, in any way, concerned or interested in the resolution.

The Board recommends passing of the resolution as contained in the notice.

**REGISTERED OFFICE:**

G-30, Gems & Jewellery Complex III,  
SEEPZ, Andheri (East),  
Mumbai-400096

By and on behalf of  
THE BOARD OF DIRECTORS  
**GOLKUNDA DIAMONDS & JEWELLERY LTD.**

Date: 30.05.2011

**KANTI KUMAR DADHA**  
(Chairman & Managing Director)



## DIRECTORS' REPORT

To,  
The Member/s,  
**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

The Directors' have pleasure in presenting their 21<sup>st</sup> Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011

### FINANCIAL RESULTS:

(Amount in Rs. '000)

PARTICULARS	2010-11	2009-10
Sales & Income from Operation	1020714	816397
Other Income	(11517)	(15695)
Total Expenditure	970804	773892
Interest	20772	17439
Profit Before Depreciation and Taxation	17620	9370
Depreciation	2145	2113
Profit Before Taxation	15475	7256
Provision for Taxation	5550	2600
Prior Years Tax Adjustment	-	(61)
Deferred Tax	(278)	(400)
Profit After Taxation	10203	5118
Balance Carried to Balance Sheet	61034	50831

### OPERATIONS:

This has been another highly successful year for your company. Your company's sales for the year crossed Rs 100 crores to reach Rs 102.07 Crore. With the reasonable recovery in world economy, your company was able to tap many new customers and increased presence in various markets. Your company continues to adopt innovative marketing initiatives to further increase the topline. With latest softwares and better operations, we have been able to retain all our existing customers with improved business. The profitability of the business has also seen improvement and we are focusing on increasing margins substantially.

The forecast for the current year looks very positive across various regions and we are optimistic that we will continue to expand ourselves and outperform the overall industry growth.

### DIVIDEND:

Considering the profitability, financial position of the Company, the Board of Directors of the



Company have pleasure in recommending dividend @ of 5% i.e. Rs.0.50 per Equity Share of the Company.

**DIRECTORS:**

In terms of provisions of section 255 and 256 of the Companies Act, 1956 read with provisions of Articles of Association of the Company. Mr. Arvind Kanti Kumar Dadha and Mr. Gautam Chand Dadha, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their re-appointment.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to an amendment to Section 217 of the Companies act, 1956, your Directors give hereunder the Director's Responsibility Statement pertaining to the accounts of the Company:-

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation statement relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2011 and of the Profit & Loss Account of the Company for the year ended on that date.
3. 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.
4. These accounts have been prepared on a going concern basis.

**FIXED DEPOSIT:**

The Company has not accepted any Fixed Deposit under Section 58A of the Companies Act, 1956, read together with the Companies (Acceptance of Deposits) Rules, 1975.

**AUDITORS:**

M/s. A. J. Baliya & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. The said Statutory Auditors having furnished a certificate of their eligibility under Sec. 224(1B) of the Companies Act, 1956, are eligible for re-appointment. The Board recommends their re-appointment.

The observations of statutory auditors read along with notes to accounts are self explanatory and do not call for further explanation.

**PARTICULARS OF EMPLOYEES:**

Pursuant to Section 217 (2A) of the Company Act, 1956, read with the Companies



(Particulars of Employees) Rules, 1975, there are no employees drawing salary above monetary limit specified in above Rules and therefore, no particulars need to be furnished in this regard.

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

The particulars as prescribed under Sub Sec. (1)(e) of Section 217, of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given hereunder.

A. Conservation of energy	The Company is taking all possible steps to conserve resources in its operations.
B. Technology absorption	N. A.
C. Foreign Exchange earnings and outgo For the year ended 31.03.2011	(Rs. in Thousand)
a) Earnings in foreign Currency	Rs. 969977/-
b) Expenditure in Foreign Currency	Rs. 62758/-

**CORPORATE GOVERNANCE:**

A separate section covering the Management Discussion and Analysis and Corporate Governance as per the requirements of Clause 49 of the Listing Agreement is attached herewith and forms a part of this report.

**ACKNOWLEDGEMENT:**

The Directors wish to place on record their admiration for the services rendered by the executives and employees of the Company at all levels. The Board also takes this opportunity to express its appreciation for the continued support received from the Shareholders, the Banking institutions including the State Bank of Indore, the SEEPZ Authorities and all other stakeholders, during the year.

**REGISTERED OFFICE:**

G-30, Gems & Jewellery Complex III,  
SEEPZ, Andheri (East),  
Mumbai-400096

By and on behalf of  
THE BOARD OF DIRECTORS  
**GOLKUNDA DIAMONDS & JEWELLERY  
LIMITED**

Date: 30<sup>th</sup> May, 2011

**KANTI KUMAR DADHA**  
(Chairman & Managing Director)



## INVESTORS SERVICES:

### 1) Dematerialization of Securities.

In order to give better services to the shareholders and investors and in terms of stipulation imposed by the SEBI and Stock Exchange, the Company has moved towards dematerialization of securities. During the year, several members' particularly Individual including small shareholders of the Company availed the facility of dematerialization of shares of the Company.

In case you have any queries or seek any clarifications with regard to the process of dematerialization of securities or the functioning of Depository Participant (DP), you may contact at the Registered Office of the Company. The Compliance Officer present there would guide you through the process of opening an account and help to clarify your doubts regarding trading of securities in dematerialised form.

In order to facilitate better understanding of the process and to enable the investor to avail of this facility, the following points may be noted while lodging documents for transfer or demat.

#### DO's

- Lodge documents for transfer together with request for simultaneous demat in favour of NSDL/CDSL.
- Specify at the time of lodgment, your desire for transfer-cum demat.
- Await the confirmation letter received from Company or M/S. SHAREX DYNAMIC (INDIA) PVT. LTD.
- Submit the confirmation letter received from Company OR M/S. SHAREX DYNAMIC (INDIA) PVT. LTD. after transfer with your Depository Participant (DP) along with the Demat Request Form (DRF)
- Sign the DRF in the same manner as signed on the transfer deed submitted for transfer.
- Ensure that the DRF is submitted by you mentioning your Client ID where the names are in similar pattern as mentioned in the transfer deed.
- Mention the quantity of shares on the DRF that has been transferred as mentioned in the Confirmation letter.
- Mention on the DRF the details of the distinctive numbers/ certificate numbers as given in the confirmation letter.
- Ensure that the demat request is generated and forwarded by your DP with in the prescribed time as mentioned in the confirmation letter.



### **DONT's**

- Lodge the documents for transfer with your DP.
- Submit the DRF without signature of all the joint holders
- Sign the DRF in a different pattern from the signature on the transfer deed.

If there is a delay in submitting the DRF to your DP, the physical certificates will be dispatched by Company.

### **2) Nomination facility.**

The Companies (Amendment) Act, 1999 has introduced through section 109A, the facility of nomination to share / debenture / deposit holders. This facility is mainly useful for all holders holding the shares/ debentures/ deposits in single name. In case where the securities /deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders.

Investors holding shares in physical form may send enclosed nomination form to the Company at Registered office of the Company. However, if the shares are held in dematerialised form, the nomination has to be conveyed to your depository participants directly, as per the format prescribed by them.





## **GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

ANNUAL REPORT 2010-2011

### **CORPORATE GOVERNANCE REPORT**

[Pursuant to Clause 49 of the Listing Agreement]

The Corporate Governance Report pursuant to the Clause 49 of the Listing Agreement with Stock Exchanges as applicable for the financial year ended 31<sup>st</sup> March, 2011 are set out below for the information of shareholders and investors of the Company

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

The Company's philosophy on Corporate Governance heavily leans on the fact of its willingness to incorporate fairness and transparency as a second nature of operations in the Company. The Company aims at achieving an optimum balance between rewards to management and returns to shareholders, clearly understanding that while the management risks its efforts; shareholders risk their hard earned funds.

#### **BOARD OF DIRECTORS**

##### **a) Composition (as on 30.05.2011)**

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors.

- 1) The Board of Directors of your Company comprises of an Executive Chairman and Managing Director, 2 Whole Time Executive Directors and 3 Non-Executive Independent Directors.
- 2) All Directors other than Mr. Kanti Kumar Dadha, Mr. Karan Singh Baid and Mr. Arvind Kumar Dadha are Independent Non-Executive Directors.

Mr. Mahesh Kumar Dadha has resigned as Independent Non-Executive Director w.e.f. 03.05.2010. Mr. Mangi Lal Maloo has joined the Board of Directors as Independent Non-Executive Additional Director w.e.f. 30.04.2010.

##### **b) Number of Board Meetings Held, Dates on Which Held**

During the financial year 2010-11, Twelve (12) Board Meetings were held on 10.04.2010, 30.04.2010, 03.05.2010, 29.05.2010, 30.07.2010, 25.08.2010, 30.09.2010, 13.11.2010, 10.01.2011, 20.01.2011, 28.01.2011 and 14.03.2011.

##### **c) Attendance of Each Director at the Board Meeting and Last Annual General Meeting, Number of other Boards or Board Committees in which he/she is a Member or Chairperson.**



Name of Director	Category	No. of other Directorships held (Other than Golkunda)	No. of other Committee Chairmanships/ memberships held (Other than Golkunda)	No. of Board Meetings Attended	Attendance at Last AGM held on 24.09.2010
Mr. Kanti Kumar Dadha	Chairman & Managing Director Promoter	1	Nil	12	Yes
Mr. Karan Singh Baid	Whole Time Executive Director Promoter	1	Nil	12	Yes
Mr. Arvind Kumar Dadha	Whole Time Executive Director Promoter	Nil	Nil	12	Yes
Mr. Ashok Kumar K. Bekal	Independent Professional Non-Executive Director	Nil	Nil	8	Yes
Mr. Mahesh Kumar Dadha*	Independent Non-Executive Director	Nil	Nil	2	Yes
Mr. Gautam Chand Dadha	Independent Non-Executive Director	Nil	Nil	8	No
Mr. Mangilal Maloo**	Independent Non-Executive Director	Nil	Nil	6	No

\* Resigned w.e.f. 03.05.2010.

\*\* Appointed as Additional Director on 30.04.2010

## BOARD COMMITTEES

### AUDIT COMMITTEE

#### COMPOSITION:

The Audit Committee of the Company was formed on 15<sup>th</sup> October, 2003 and comprised of 2 Independent Non-Executive Directors and 1 Professional Independent Non-Executive Director as follows:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Mahesh Kumar Dadha*	Chairman	Independent Non-Executive Director
2	Mr. Mangilal Maloo**	Chairman	Independent Non-Executive Director
3	Mr. Gautam Chand Dadha	Member	Independent Non-Executive Director
4	Mr. B. K. Ashok	Member	Professional Independent Non-Executive Director

\* Resigned w.e.f. 03.05.2010.

\*\* Appointed as Additional Director on 30.04.2010

#### MEETINGS OF AUDIT COMMITTEE AND ATTENDANCE DURING THE YEAR

The Committee met 4(four) times during the year on the following dates viz. 29.05.2010, 30.07.2010, 13.11.2010 and 20.01.2011.

Name of Director	Category	No. of Meeting attended
Mr. Mangilal Maloo	Independent Director	4
Mr. Gautam Chand Dadha	Independent Director	4
Mr. Ashok Kumar K. Bekal	Professional Independent Director	3

The Audit Committee of the Company was re-constituted as Mr. Mahesh Kumar Dadha, Director and member of Audit Committee has resigned with effect from 03.05.2010.



The Board has inducted Mr. Mangi Lal Maloo as an Independent Non-Executive Director and member of Audit Committee.

The Re-constituted Audit Committee comprises as follows:

Sr.No.	Name of the Member	Designation	Category
1	Mr. Mangi Lal Maloo	Chairman	Independent Non-Executive Director
2	Mr. Gautam Chand Dadha	Member	Independent Non-Executive Director
3	Mr. B. K. Ashok	Member	Professional Independent Non-Executive Director

### **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The Company has an Audit Committee with scope of activities as set out in Clause 49 (II) of the Listing Agreement with the Stock Exchanges read with section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory / Internal Auditors and the Board of Directors of the Company. The broad terms of reference of the Audit Committee are as under:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- To hold periodic discussion with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors / Internal Auditors;
- To review compliance with internal control systems;
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;
- Discussing and reviewing the company's financial and risk management policies;
- Recommending the appointment of statutory auditors and fixation of their remuneration.

### **REMUNERATION COMMITTEE**

#### **COMPOSITION**

The Remuneration Committee was constituted on 15<sup>th</sup> October, 2003 and comprised of 2 Independent Non-Executive Directors and 1 Professional Independent Non-Executive Director as follows:

Sr.No.	Name of the Member	Designation	Category
1	Mr. Mahesh Kumar Dadha	Chairman	Independent Director
2	Mr. Gautam Chand Dadha	Member	Independent Director
3	Mr. B. K. Ashok	Member	Professional Independent Director



There was no Remuneration Committee meeting held during the financial year 2010-11.

The Remuneration Committee of the Company was re-constituted as Mr. Mahesh Kumar Dadha, Director and member of Remuneration Committee has resigned with effect from 03.05.2010.

The Board has inducted Mr. Mangi Lal Maloo as an Independent Non-Executive Director and member of Remuneration Committee.

The Re-constituted Remuneration Committee comprises as follows:

Sr.No.	Name of the Member	Designation	Category
1	Mr. Mangi Lal Maloo	Chairman	Independent Non-Executive Director
2	Mr. Gautam Chand Dadha	Member	Independent Non-Executive Director
3	Mr. B. K. Ashok	Member	Professional Independent Non-Executive Director

#### **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The Remuneration Committee while approving remuneration of Managing Director / Whole Time Directors takes into account the financial position of the Company, qualification, experience, performance and past remuneration of the concerned managerial person. The Broad terms of reference of the Remuneration Committee are as follows:

1. Fixation of Suitable Remuneration Package of all the Executive Directors and Non Executive Directors i.e. Salary, Perquisites, Bonuses, Pensions, etc.
2. Determination of the fixed component and performance linked incentives along with the Performance Criteria to Directors of the Company.
3. Service Contracts, Notice Period, and Severance fees of Directors.

#### **REMUNERATION POLICY AND DETAILS OF REMUNERATION TO ALL DIRECTORS, AS PER FORMAT IN MAIN REPORT**

Details of remuneration paid to the Executive Directors during the year ended 31.03.2011 are as follows:

Name	Relation with Golkunda	Inter-se Relation	Salary	Stock Option	Comm-ission	Contribution to Provident Fund and other funds	Perq-uisites	Total
Mr. Kanti Kumar Dadha	Chairman and Managing Director	Cousin Brother of Mr. Karan Singh Baid	624000	0	0	57600	117374	798974
Mr. Karan Singh Baid	Whole Time Director	Cousin Brother of Mr. Kanti Kumar Dadha	570000	0	0	36000	27640	633640



Name	Relation with Golkunda	Inter-se Relation	Salary	Stock Option	Comm-ission	Contribution to Provident Fund and other funds	Perquisites	Total
Mr. Arvind Kumar Dadha	Whole Time Director	Son of Mr. Kanti Kumar Dadha & Nephew of Mr. Karan Singh Baid	570000	0	0	36000	18687	624687

**Notes:**

- Mr. Kanti Kumar Dadha was re-appointed as Chairman and Managing Director at Annual General Meeting held on 29.09.2009 with effect from 1<sup>st</sup> October, 2009 upto 30<sup>th</sup> September, 2014.
- Mr. Arvind Kanti Kumar Dadha was re-appointed as Whole Time Director at Annual General Meeting held on 29.09.2009 with effect from 1<sup>st</sup> October, 2009 upto 30<sup>th</sup> September, 2014.
- Mr. Karan Singh Baid was re-appointed as Whole Time Director at Annual General Meeting held on 30.09.2008 with effect from 10<sup>th</sup> November, 2008 upto 9<sup>th</sup> November, 2011.

**DETAILS OF REMUNERATION / COMPENSATION PAID TO THE NON- EXECUTIVE / INDEPENDENT DIRECTOR DURING THE YEAR ENDED 31.03.2011:**

Name of Director	No. of Board Meetings Attended	Amount paid (in Rs.)
Mr. Manglal Maloo	3	15000
Mr. Gautam Chand Dadha	4	20000
Mr. Ashok Kumar K. Bekal**	2	0

The Non-Executive Directors are paid sitting fees of Rs. 5,000/- per meeting for attending Board Meeting.

\*\* Mr. Ashok Kumar K. Bekal has waived his sitting fees for attending the meeting of Board of Directors.

**DISCLOSURE OF SHAREHOLDING BY NON EXECUTIVE DIRECTORS**

Sr. No	Name of Director	No. of Shares Held
1	Mr. Ashok Kumar K. Bekal	NIL
2	Mr. Mahesh Kumar Dadha*	200
3	Mr. Gautam Chand Dadha	NIL
4	Mr. Mangilal Maloo**	NIL

\* Resigned w.e.f. 03.05.2010.

\*\* Appointed as Additional Director on 30.04.2010

**DETAILS OF DIRECTORS SEEKING RE ELECTION**

Mr. Arvind Kanti Kumar Dadha and Mr. Gautam Chand Dadha retires by rotation at the ensuing Annual General Meeting and being eligible offer them selves for re election.

The Additional information and experience relating to these Directors as required under Clause 49 VI (A) of the Listing Agreement with the Stock Exchange is furnished below:

<b>Name of the Director</b>	<b>Mr. Arvind Kumar Dadha</b>	<b>Mr. Gautam Chand Dadha</b>
<b>Date of Birth</b>	31.12.1976	23.04.1944
<b>Date of Appointment</b>	01.10.1999	15.10.2003
<b>Qualification</b>	B.com	B.com
<b>Expertise in specific Functional areas</b>	Jewellery, Manufacturing & Marketing	Gems and Jewellery Marketing
<b>Name(s) of other Public companies in which Directorship held</b>	NIL	NIL
<b>Name(s) of Companies in which Committee Membership(s) / Chairmanship(s) held (as per Clause 49 of the Listing Agreement with the Stocks Exchanges)</b>	NIL	NIL

**SHAREHOLDER GRIEVANCE & SHARE TRANSFER COMMITTEE****COMPOSITION AND ATTENDANCE OF MEMBERS**

23 meetings of the Shareholder's Grievance & Share Transfer Committee were held during the year 2010-2011. The attendance of members was as follows:

<b>Name of Director</b>	<b>Designation on the Committee</b>	<b>Designation on the Board</b>	<b>No. of Meeting attended</b>
Mr. Mahesh Kumar* Dadha	Chairman	Independent Director	2
Mr. Mangilal Maloo**	Chairman	Independent Director	21
Mr. Gautam Chand Dadha	Member	Independent Director	23
Mr. Ashok Kumar K. Bekal	Member	Professional Independent Director	20

\*The Shareholder's Grievance & Share Transfer Committee of the Company was re-constituted as Mr. Mahesh Kumar Dadha, Director and member of Shareholder's Grievance & Share Transfer Committee has resigned with effect from 03.05.2010.

\*\*The Board has inducted Mr. Mangi Lal Maloo as an Additional Independent Non-



Executive Director and member of Shareholder's Grievance & Share Transfer Committee.

The Re-constituted Shareholder's Grievance & Share Transfer Committee comprises as follows:

Sr.No.	Name of the Member	Designation	Category
1	Mr. Mangi Lal Maloo	Chairman	Independent Non-Executive Director
2	Mr. Gautam Chand Dadha	Member	Independent Non-Executive Director
3	Mr. Ashok Kumar K. Bekal	Member	Professional Independent Non-Executive Director

### **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The Company has constituted Share Transfer Committee, which was re-constituted as Shareholders Grievance & Share Transfer Committee, which specifically looks into the approval of share transfer requests received by the Company, approval of demat request received by the Company, redressing of shareholders and investors complaints, non-receipt of Balance Sheet, etc.

### **NAME AND DESIGNATION OF COMPLIANCE OFFICER**

Mr. Karan Singh Baid, Director of the Company acts as Compliance Officer of the Company.

### **DETAIL OF SHAREHOLDERS COMPLAINTS RECEIVED, SOLVED, NOT SOLVED AND PENDING SHARE TRANSFERS DURING THE YEAR**

Number of Shareholders' Complaints received	21
Number resolved to the satisfaction of shareholders	21
Number of pending complaints	NIL

### **GENERAL BODY MEETINGS**

### **LOCATION AND TIME WHERE LAST THREE ANNUAL GENERAL MEETINGS (AGM) WERE HELD**

Year	Date	Time	Venue
2010	24 <sup>th</sup> September, 2010	4.00 P.M.	Banquet Hall, Matoshri Arts & Sports Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai 400 093.
2009	29 <sup>th</sup> September, 2009	4.00 P.M.	Banquet Hall, Matoshri Arts & Sports Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai 400 093.
2008	30 <sup>th</sup> September, 2008	3.30 P.M.	Banquet Hall, Matoshri Arts & Sports Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai 400 093.

**DETAILS OF SPECIAL RESOLUTIONS PASSED DURING THE LAST 3 A.G.M.s OR ANY SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT**

- The Company has passed special resolution at the Extra ordinary General Meeting held on 10.12.2008 in respect of alteration of Capital clause of Articles of Association regarding increase in Authorised Share Capital of the Company and Issue of Equity Shares on Preferential Basis.
- The Company has not passed any resolution through postal Ballot in the previous financial year.
- During the year, the Company do not proposes to pass any special resolution through Postal Ballot.

**CODE OF CONDUCT**

- The Board of Directors has approved Code of Conduct applicable to Directors, Officers and Designated Employees. The Code of Conduct has been made effective from April 01, 2005. The Company has obtained declarations from the Directors, Senior Management Personnel affirming their compliances with the applicable Code of Conduct.
- The Certificate of compliance of code of conduct, by Directors, Senior Management Personnel, certified by the Managing Director is annexed to the Corporate Governance Report.

**DISCLOSURES**

- a) There were no materially significant related party transactions during the year having conflict with the interests of the Company.
- b) Disclosures of Related party transactions as required by Accounting Standard 18 have been given in the Note no: 17 of Schedule no. K attached to the Accounts.
- c) There has been no non-compliance by the Company or penalty or strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years.
- d) It is hereby affirmed that no personnel has been denied the access to the Audit Committee of the Board.

**MEANS OF COMMUNICATION**

Quarterly Results	Quarter Ended	Board Meeting in which Approved
1 <sup>st</sup> Quarter	30.06.2010	30.07.2010
2 <sup>nd</sup> Quarter	30.09.2010	13.11.2010
3 <sup>rd</sup> Quarter	31.12.2010	20.01.2011





The Company has, in compliance with Clause 41 of the Listing Agreement, approved the audited Annual Results for the last quarter of the financial year 2010-11 at the Board meeting held on 30.05.2010.	
Which newspaper normally published in	Free Press Journal and Navshakti
Any Website, where displayed	--
Whether it also display official news releases,	No

**GENERAL SHAREHOLDER INFORMATION**

1	Date, time and the venue of 21 <sup>st</sup> AGM	29 <sup>th</sup> Sep, 2011 at 4.00 P.M. "Banquet Hall", Matoshri Arts & Sports Club, J. V. Link Road, Jogeshwari (E), Mumbai 400093				
2	Financial Calendar	April 01, 2010 to March 31, 2011				
3	Date of Book Closure	24 <sup>th</sup> Sep, 2011 to 29 <sup>th</sup> Sep, 2011 (both days inclusive)				
4	Dividend Payment Date	Dividend of 5% (Rs.0.50 per equity share of Rs.10/- each)				
5	Listing on Stock Exchanges	The Mumbai Stock Exchange The Hyderabad Stock Exchange The Jaipur Stock Exchange				
6	BSE Stock code	523676				
7	Stock market price data for the last financial year ended March 31, 2011 on The Stock Exchange, Mumbai is as under:					
	<b>Date</b>	<b>Open (Rs.)</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>	<b>Close (Rs.)</b>	<b>No. of Shares</b>
	April 2010	17.95	19.50	16.20	18.50	22886
	May 2010	18.50	19.45	16.00	16.75	13896
	June 2010	17.05	20.40	13.80	17.25	9627
	July 2010	18.00	19.35	16.15	18.30	29174
	August 2010	17.40	19.85	16.25	19.00	24285
	September 2010	18.50	20.30	16.30	17.55	34308
	October 2010	17.60	19.25	15.15	15.55	31958
	November 2010	15.55	19.00	15.10	16.00	26038
	December 2010	16.10	19.55	13.90	18.45	13311
	January 2011	17.55	18.35	14.15	14.15	5929
	February 2011	14.85	15.70	13.98	14.00	8332
	March 2011	14.00	14.70	12.39	12.39	4300
8	Registrar & Share Transfer Agent	Sharex Dynamic (India) Private Limited (formerly known as M/s. Sharex (India) Pvt. Ltd.) 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai – 400 001.				



9	Share Transfer System	The Company's shares are traded in the Stock Exchange compulsorily in demat mode. Shares sent for physical transfer or dematerialization requests are registered promptly within stipulated time from the date of receipt of completed and validly executed documents.			
10	Distribution of shareholding as on March 31, 2011				
	<b>No. of Shares Nominal Value</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>Total No. of Shares</b>	<b>% of Shareholding</b>
	1 to 5000	9705	96.10	12906210	18.53
	5001 to 10000	272	2.69	2348600	3.37
	10001 to 20000	57	0.56	920810	1.32
	20001 to 30000	25	0.25	622110	0.89
	30001 to 40000	10	0.10	359610	0.52
	40001 to 50000	10	0.10	475470	0.68
	50001 to 100000	8	0.08	588200	0.84
	100001 and above	12	0.12	51419790	73.84
	<b>TOTAL</b>	<b>10099</b>	<b>100.00</b>	<b>69640800</b>	<b>100.00</b>
11	Dematerialization of Shares and liquidity	As on 31.03.2011, 64.03% of the Company's Equity Shares representing 44,58,969 Equity Shares were held in dematerialized form with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).			
12	Outstanding GDR's / ADR's / Warrants or any Convertible instruments.	The Company does not have outstanding GDR's / ADR's / Warrants or any Convertible instruments.			
13	Plant Location (Development Centre)	G-30, Gems & Jewellery, Complex III, SEEPZ, Andheri (E), Mumbai 400 096 307/308, Kapadia Industrial Estate, Andheri Kurla Road, Chakala, Andheri (E), Mumbai – 400 093			
14	Address for Correspondence (for dematerialization/transfer of shares, payment of dividend on shares, and any other query relating to the shares of the Company For any other queries	Sharex Dynamic (India) Pvt. Ltd. (Formerly known as M/s. Sharex (India) Pvt. Ltd.) 17/B, Dena Bank Building, 2 <sup>nd</sup> Floor Horniman Circle, Fort, Mumbai – 400 001.  G-30, Gems & Jewellery, Complex III, SEEPZ, Andheri (E), Mumbai 400 096			



15	Secretarial Audit		
	A qualified practicing Company Secretary carry out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.		
16	Compliance Officer	Mr. Karan Singh Baid G-30, Gems & Jewellery, Complex III, SEEPZ, Andheri (E), Mumbai 400 096 Tel No. 022-28290155/56 Fax 022-28290373	
17	Shareholding pattern as on March 31, 2011		
	<b>Category</b>	<b>No. of Shares</b>	<b>% of total</b>
	Promoter's holding	4997998	71.768
	Mutual Funds and UTI	0	0.00
	Financial Institution / Banks	100	0.001
	Foreign Institutional Investors	0	0
	NRIs / OCBs	1293	0.019
	Companies / Bodies Corporate	110497	1.587
	Clearing Members	201	0.003
	General Public	1853991	26.622
	<b>Total</b>	<b>6964080</b>	<b>100.00</b>

FOR AND ON BEHALF OF BOARD  
**FOR GOLKUNDA DIAMONDS & JEWELLERY LTD.**

**KANTI KUMAR DADHA**  
(CHAIRMAN AND MANAGING DIRECTOR)

PLACE: MUMBAI  
DATE: 30<sup>th</sup> May, 2011



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments:

The Company is a part of an Industry, which largely operates through unorganized constituents. However, unlike the industry, the Company has attempted to operate through as systematic and organized manner as possible. However, since Diamonds and Jewellery is one industry, in which India holds, commendable position in the world, akin to the software industry, one can look forward to more international involvement coming up in this industry.

### Opportunities and Threats:

Following can be termed as the opportunities / strengths of the Company:

- ⇒ Induction of widely experienced and specialized personnel on the Board.
- ⇒ Good combination of technical as well as advisory personnel in the management.
- ⇒ More and more benefits and exemptions are likely to come in the way of exports and Special Economic Zones and the Company, having commendable exports and being situated in SEEPZ - SEZ, is likely to receive the advantage of the same.
- ⇒ Some of the world retail majors have decided some time back to source part of their requirements from India. This shall further the growth of the Diamond industry in India.

- ⚠ The unfavorable government policies, cut throat competition amongst manufacturers and exporters remains major concerns for the Gems and Jewellery Business.

### Outlook:

The Company has done commendably well in the current year and expects to achieve a really good percentage of market share in the Diamond manufacturing and Jewellery marketing fields. The outlook for the Company can therefore be termed as optimistic and expects higher growth than inflation and average growth in the industry.

Growth of the Gems and Jewellery Industry is expected to be moderate to better in the years to come depending on the policies of the Government. However Gems and Jewellery Industry is seeing robust growth in the years to come. The Growth rate of the Gems and Jewellery Industry is closely related to the growth of the other Sector and hence movements and developments in the other sectors would also indirectly affect the future of Gems and Jewellery Industry.

### Risks and Concerns:

Following can be some of the risks and concerns the Company needs to be wary of:

- ✓ The largely unorganized structure of the market can affect the systematic functioning of the Company
- ✓ Political instability, which has a tremendous impact on the capital markets.
- ✓ Likely opening up of the economy, which can be a double-edged sword.
- ✓ The Diamond market in India is heavily influenced by the US Markets.
- ✓ The major income component of the Company being exports, changes in economies or government policies of the countries to which the Company is exporting may also affect the operations of the Company.



- ✓ Increasing competition among the Indian Exporters in this industry.

**Internal Control Systems and their Adequacy:**

The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials, components, plant and machinery, equipment and other assets, and for the sale of goods.

The Company also has in place an Audit Committee to have a periodic over view of the internal control procedures of the Company. The Audit committee is accessible at all times to the employees of the Company for any improvement to be recommended in the procedures in place.

**Discussion on Financial Performance of the Company:**

The financial performance of the Company has steadily grown in the year under review.

The sales were Rs.1,02,05,84,511/- as compared to Rs. 81,56,02,023/- in the previous year. The Profit after tax in the current year increased to Rs.1,02,03,023/- as against Rs.51,18,446/- in the previous year.

**Export performance and Foreign Exchange earnings:**

The Company is making contribution to the foreign exchange earnings by the Country in view of the fact that the Export and Foreign exchange earnings stood at Rs.96,99,77,162/- during the financial year under review.

**Industrial Relations and Human Resources:**

The Company considers that its relationship with its employees is vital and ensures that employees feel valued and is endeavoring to create an environment and culture within which every employee can put his best efforts and maximize his contribution.

The Company ensures that all its employees remain competent through education, skills, training and experience as necessary. The Company has had cordial relations between the management and employees and an atmosphere of harmonious working to achieve the business objectives of the Company throughout the year. The Company is poised to motivate each of its employees to perform to the fullest extent possible and to appropriately reward their excellence.

**Cautionary Note:**

Statements in this report and Corporate Governance Report read together with the Directors' Report and financial statement describing the Company's objectives, projections, estimates, expectations and predictions, may be "forward looking statements". Actual results may differ from those expressed or implied due to variations in prices of raw materials, seasonal demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other incidental factors.



**CERTIFICATE OF COMPLIANCE TO BE GIVEN BY THE CEO/CFO OF THE COMPANY.**

I, Mr. Kanti Kumar Dadha, Chairman & Managing Director of Golkunda Diamonds & Jewellery Limited, hereby certify on behalf of the Board of Directors that:

- 1) The Board have reviewed the financial statements and the cash flow statements for the year ended 31<sup>st</sup> March, 2011 and that to the best of their knowledge and belief
  - A) these statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading;
  - B) statements present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) To the best of our knowledge and belief, no transactions entered into by the company during the year which is fraudulent, illegal or violative of the company's code of conduct.
- 3) The Board accepts responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the auditors and the Audit Committee, Deficiencies in the design or operation of internal controls, if any, of which they have taken or propose to take to rectify these deficiencies.
- 4) The Board have indicated to the auditors and the Audit Committee:
  - A) There are no significant changes in internal control during the year;
  - B) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to Financial Statements; and
  - C) There have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems.

**REGISTERED OFFICE:**

G-30, Gems & Jewellery Complex III,  
SEEPZ, Andheri (East),  
Mumbai-400 096

By and on behalf of  
The Board of Directors  
**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

Date: 30<sup>th</sup> May, 2011

**KANTI KUMAR DADHA**  
(Chairman and Managing Director)



To,  
The members of  
**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

**DECLARATION BY THE CHIEF EXECUTIVE OFFICER UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

I, Kanti Kumar Dadha, Chairman & Managing Director of GOLKUNDA DIAMONDS & JEWELLERY LIMITED, to the best of my knowledge and belief, declare that all the members of Board of Directors, Senior Management Personnel, Designated Employees have affirmed Compliance with the Code of Conduct for the year ended 31<sup>st</sup> March 2011.

**REGISTERED OFFICE:**

G-30, Gems & Jewellery Complex III,  
SEEPZ, Andheri (East),  
Mumbai-400 096

By and on behalf of  
The Board of Directors  
**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

**KANTI KUMAR DADHA**  
(Chairman & Managing Director)

Date: 30<sup>th</sup> May, 2011

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**AUDITORS' CERTIFICATE**

To  
**The Board of Directors,**  
Golkunda Diamonds & Jewellery Ltd.,  
G-30, Gem & Jewellery Complex III,  
SEEPZ, Andheri (E),  
MUMBAI - 400 096.

We have examined the attached Cash Flow Statement of Golkunda Diamonds & Jewellery Limited for the year ended 31st March, 2011. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

**FOR A. J. BALIYA & ASSOCIATES**

Chartered Accountants

**(M. P. MODY)**

Partner,  
MEMBERSHIP NO.:FCA 42975

PLACE : MUMBAI  
Dated : 30th May, 2011.



## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMEBRS OF GOLKUNDA DIAMONDS & JEWELLERY LTD

1. We have examined the compliance of conditions of Corporate Governance by Golkunda Diamonds & Jewellery Ltd for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanation given to us and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. Our Reliance upon the certificate received by the Company from its Registrar for the number of complaints received from the shareholders and the number of complaints resolved during the financial year and the number of complaints pending at the year end as stated in Company's report on the Corporate Governance.
5. 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 A.J. Baliya & Associates**  
Chartered Accountants

**(M.P. MODY)**  
Partner

Membership No. FCA 42975

Place : Mumbai

Dated : 30th May, 2011.





## AUDITOR'S REPORT

### To the Members of GOLKUNDA DIAMONDS & JEWELLERY LIMITED

We have audited the attached Balance Sheet of Golkunda Diamonds & Jewellery Limited as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representation received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;



- (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date;
- And
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For A.J. Baliya & Associates,  
Chartered Accountants**

**(CA M.P. MODY)**  
Partner

Membership No.FCA 42975

Place : Mumbai

Dated : 30th May, 2011.

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**ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 2 of our report of even date]

- (1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, 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) The Fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (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.
- (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) The Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained Under Section 301 of the Companies Act, 1956.



- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. During the course of our audit, we have not observed any major weaknesses in internal control.
- (5) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained Under Section 301 of the Companies Act 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained Under Section 301 of the Companies Act 1956, and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- (6) The Company has not accepted any deposits from the public.
- (7) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- (8) To the best of our knowledge, The Central Government has prescribed maintenance of cost records Under Section 209 (1) (d) of the Companies Act, 1956. In our opinion, prima facie, the prescribed accounts and records have been maintained. However, we are not required to and have not made examination of the records.
- (9) In respect of statutory dues:
- (a) According to the records of the Company, undisputed statutory dues of Provident Fund and Employees State Insurance have been regularly deposited with the appropriate authorities. Undisputed statutory dues other than above including Investor Education and Protection Fund, Income-Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Cess have been 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, 2011 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, except income tax there are no dues in respect of Sales-Tax, Custom Duty, Wealth-Tax, Excise Duty, Service Tax or Cess outstanding on account of any dispute. The details of dues of Income Tax which have not been deposited on account of dispute are given below:

Particulars	Assessment Year to Which the matters Pertain	Forum where dispute is pending	Amount Rs.
Income Tax Act, 1961	2007-08	Commissioner (Appeals)	8,83,181/-
Income Tax Act, 1961	2009-10	Income Tax officer	72,110/-



- (10) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (11) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to bank.
- (12) In our opinion and according to 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.
- (14) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (15) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from banks and financial institutions during the year.
- (16) The Company has not raised any term loans during the year.
- (17) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment and vice-versa.
- (18) The Company has not made any preferential allotment of shares during the year.
- (19) The Company has not issued any debentures during the year.
- (20) The Company has not raised any money by public issue during the year.
- (21) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the Management.

**For A.J. Baliya & Associates,  
Chartered Accountants**

**(CA M.P. MODY)**  
Partner

Membership No.FCA 42975

Place : Mumbai

Dated : 30th May, 2011.

**BALANCE SHEET AS AT 31st MARCH, 2011**

	Schedule	Rs.	2010-2011 Rs.	2009-2010 Rs.
<b>SHAREHOLDERS' FUNDS:</b>				
Share Capital	A	69,640,800	69,640,800	
Reserves & Surplus	B	<u>59,773,945</u>	<u>53,631,285</u>	
			129,414,745	123,272,085
<b>LOAN FUNDS:</b>				
Secured Loans	C		280,866,127	281,220,139
<b>DEFERRED TAX</b>				
			<u>1,030,370</u>	<u>1,307,903</u>
<b>TOTAL</b>			<u><b>411,311,242</b></u>	<u><b>405,800,127</b></u>
<b>APPLICATION OF FUNDS:</b>				
<b>FIXED ASSETS</b>				
	D			
Gross Block		39,951,599	39,842,931	
Less: Depreciation		<u>24,921,990</u>	<u>23,209,077</u>	
Net Block			15,029,609	16,633,854
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>				
	E			
Inventories		131,441,209	71,852,799	
Sundry Debtors		313,568,428	381,222,208	
Cash & Bank Balances		15,774,604	14,516,684	
Loans & Advances		<u>26,214,489</u>	<u>23,628,794</u>	
		<u><b>486,998,730</b></u>	<u><b>491,220,485</b></u>	
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS:</b>				
	F			
Liabilities		70,122,695	87,327,030	
Provisions		<u>20,705,097</u>	<u>14,895,774</u>	
		<u><b>90,827,792</b></u>	<u><b>102,222,804</b></u>	
<b>NET CURRENT ASSETS</b>			396,170,938	388,997,681
<b>MISCELLANEOUS EXPENDITURE</b>				
(to the extent not written off or adjusted)				
Share Issue Expenses			110,695	168,592
<b>TOTAL</b>			<u><b>411,311,242</b></u>	<u><b>405,800,127</b></u>
<b>Notes On Account:</b>				
	K			
As per our report of even date Signatories to Schedules 'A' to 'K' .				
<b>FOR A. J. BALIYA &amp; ASSOCIATES</b>		<b>FOR &amp; ON BEHALF OF BOARD</b>		
Chartered Accountants				
<b>(CA M .P MODY)</b>		<b>(KANTIKUMAR DADHA)</b>	<b>(ARVIND DADHA)</b>	
Partner		Chairman & Managing Director	Executive Director	
Membership No. FCA 42975				
Place : Mumbai				
Dated : 30th May, 2011				

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

	Schedule	2010-2011 Rs.	2009-2010 Rs.
<b>INCOME</b>			
<b>Sales</b>			
Export		969,977,161	770,619,994
Local		50,607,350	44,982,029
Other Income		129,140	795,809
Foreign Exchange Rate Difference		<u>(11,517,318)</u>	<u>(15,695,354)</u>
		<b>1,009,196,333</b>	<b>800,702,478</b>
<b>EXPENDITURE</b>			
Materials Cost	<b>G</b>	910,810,141	731,454,905
Manufacturing	<b>H</b>	8,218,974	11,042,634
Employees Remuneration	<b>I</b>	31,539,728	18,083,512
Administrative	<b>J</b>	20,235,614	13,311,251
Interest		20,771,712	17,439,835
Depreciation	<b>D</b>	<u>2,144,673</u>	<u>2,113,371</u>
		<b>993,720,843</b>	<b>793,445,508</b>
<b>PROFIT BEFORE TAX</b>			
		15,475,490	7,256,970
Less.: Provision for Taxation		<u>5,550,000</u>	<u>2,600,000</u>
		<b>9,925,490</b>	<b>4,656,970</b>
Less.: Prior Year's Tax Adjustment		-	(61,253)
Deferred Tax		<u>(277,533)</u>	<u>(400,223)</u>
<b>PROFIT AFTER TAX</b>			
		<b>10,203,023</b>	<b>5,118,446</b>
Add : Balance Brought Forward		-	-
from Previous year		<u>50,831,285</u>	<u>45,712,839</u>
<b>Balance available for appropriation</b>			
		<b>61,034,308</b>	<b>50,831,285</b>
<b>Appropriation:</b>			
Proposed Dividend		3,482,040	-
Tax on Dividend		578,323	-
Transfer to General Reserve		2,500,000	-
<b>Balance carried to Balance Sheet</b>			
		<u>54,473,945</u>	<u>50,831,285</u>
		<b>61,034,308</b>	<b>50,831,285</b>

**Notes On Account:****K**

As per our report of even date  
Signatories to Schedules 'A' to 'K'.

**FOR A. J. BALIYA & ASSOCIATES****FOR & ON BEHALF OF BOARD**

Chartered Accountants

**(CA M .P MODY)****(KANTIKUMAR DADHA)****(ARVIND DADHA)**

Partner

Chairman &amp; Managing Director

Executive Director

Membership No. FCA 42975

Place : Mumbai

Dated : 30th May, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011**

	2010-2011 Rs.	2009-2010 Rs.
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
70,00,000 Equity shares of Rs. 10 each.	<u>70,000,000</u>	<u>70,000,000</u>
<b>Issued, Subscribed &amp; Paid-up:</b>		
69,64,080 Equity Shares of Rs.10/- each fully paid up in cash ( 28,00,000 Equity shares issued at a premium of Rs. 1/- per share)	<u>69,640,800</u>	<u>69,640,800</u>
	<u><b>69,640,800</b></u>	<u><b>69,640,800</b></u>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
Share Premium	2,800,000	2,800,000
General Reserve		-
Trf during the year	2,500,000	-
Profit & Loss Account	<u>54,473,945</u>	<u>50,831,285</u>
	<u><b>59,773,945</b></u>	<u><b>53,631,285</b></u>
<b>SCHEDULE - C</b>		
<b>Secured Loans</b>		
Post Shipment Credit from State Bank of India (Secured by hypothecation of receivables, equitable mortgage of office premises and personal guarantees of three directors of the Company)	190,758,550	202,600,000
Export Packing Credit from State Bank of India (Secured by hypothecation of raw materials, materials in process, finished goods, equitable mortgage of office premises and personal guarantees of three directors of the Company)	89,456,531	77,533,221
HDFC Bank Ltd (Secured by Hypothication of a vehicle )	651,046	1,086,918
	<u><b>280,866,127</b></u>	<u><b>281,220,139</b></u>



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011**

**SCHEDULE - D  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION		NET BLOCK			
	AS AT 01.04.2010	ADDITIONS	DEDUCTIONS	AS AT 31.03.2011	UP TO 31.03.2010	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENT	UP TO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
FACTORY PREMISES	6,996,697			6,996,697	3,827,245	233,690		4,060,935	2,935,762	3,169,452
PLANT & MACHINERY	14,449,413	592,352	35,000	15,006,765	7,479,861	699,618	29,971	8,148,508	6,859,257	6,969,552
FURNITURE & FIXTURES	6,719,121	402,237		7,121,358	5,699,413	446,565		6,145,978	975,380	1,019,708
COMPUTERS	1,710,270	164,194		1,874,464	1,207,360	298,355		1,505,715	368,749	502,910
VAULT	59,465	84,715		144,180	49,504	4,313		53,817	90,363	9,961
VEHICLES	2,586,388		698,394	1,887,994	603,273	219,167	399,273	423,167	1,464,827	1,983,115
FACTORY/OFFICE EQUIPMENTS	974,024	349,804	39,937	1,283,891	384,207	53,703	2,516	435,394	848,497	589,817
AIR CONDITIONERS	1,485,919	183,689		1,669,608	740,571	76,378		816,949	852,659	745,348
ELECTRICAL INSTALLATIONS	2,387,443	11,925		2,399,368	1,650,369	113,884		1,764,253	635,115	737,074
DIES & MOULDS	1,567,274			1,567,274	1,567,274	-		1,567,274	-	-
CAPITAL WIP	906,917			906,917					-	906,917
<b>TOTAL Rs.</b>	<b>39,842,931</b>	<b>1,788,916</b>	<b>1,680,248</b>	<b>39,951,999</b>	<b>23,209,077</b>	<b>2,144,673</b>	<b>431,760</b>	<b>24,921,990</b>	<b>15,029,609</b>	<b>16,633,854</b>
<b>PREVIOUS YEAR Rs.</b>	<b>38,121,737</b>	<b>1,721,194</b>	<b>-</b>	<b>39,842,931</b>	<b>21,095,706</b>	<b>2,113,371</b>	<b>-</b>	<b>23,209,077</b>	<b>16,633,854</b>	<b>16,899,394</b>



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011**

	2010-2011 Rs.	2009-2010 Rs.
<b>SCHEDULE - E</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>Inventories:</b>		
(As per inventory taken, valued and certified by the management)		
Raw Materials	66,965,574	40,528,421
Work-in-Process	68,950	68,950
Finished Goods	63,258,834	30,198,100
Stores & Spare Parts	1,147,851	1,057,328
	<u>131,441,209</u>	<u>71,852,799</u>
<b>Sundry Debtors:</b>		
(Unsecured, considered good)		
Due for more than six months	14,799,268	64,911,813
Others	298,769,160	316,310,395
	<u>313,568,428</u>	<u>381,222,208</u>
<b>Cash &amp; Bank Balances:</b>		
Cash on hand	383,193	126,789
Balances with Scheduled banks:		
In Current Accounts	526,314	860,029
In Fixed Deposits	14,818,602	13,520,117
In EEFC	46,495	9,749
	<u>15,774,604</u>	<u>14,516,684</u>
<b>LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received)	404,404	358,715
Prepaid Expenses	3,706,171	5,238,265
Deposits	1,424,288	1,783,603
Vat Receivable	3,902,171	2,018,102
Advance Tax	16,351,188	13,583,000
Tax Deducted at Source	401,752	303,594
Fringe Benefit Tax	24,515	343,515
	<u>26,214,489</u>	<u>23,628,794</u>
<b>SCHEDULE - F</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors	62,454,651	83,834,739
Other Liabilities	4,186,003	3,492,291
Proposed Dividend	3,482,040	-
	<u>70,122,695</u>	<u>87,327,030</u>
* There are no dues of Small Scale Industrial undertakings.		
<b>Provisions</b>		
Income Tax	20,126,774	14,576,774
Tax on Dividend	578,323	-
Fringe Benefit Tax	-	319,000
	<u>20,705,097</u>	<u>14,895,774</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31st MARCH, 2011**

	2010-2011	2009-2010
	Rs.	Rs.
<b>SCHEDULE - G</b>		
<b>MATERIAL COST</b>		
Raw Materials Consumed :		
Opening Stock	40,528,421	57,931,023
Add : Purchases	331,699,779	224,700,141
	<u>372,228,200</u>	<u>282,631,164</u>
Less: Closing Stock	<u>66,965,574</u>	<u>40,528,421</u>
	305,262,626	242,102,743
Purchases of Finished Goods	638,608,249	501,406,791
Opening Stock :		
Work-in-Process	68,950	68,950
Finished Goods	30,198,100	18,143,471
	<u>30,267,050</u>	<u>18,212,421</u>
Less : Closing Stock		
Work-in-Process	68,950	68,950
Finished Goods	63,258,834	30,198,100
	<u>63,327,784</u>	<u>30,267,050</u>
	(33,060,734)	(12,054,629)
	<u><u>910,810,141</u></u>	<u><u>731,454,905</u></u>
<b>SCHEDULE - H</b>		
<b>MANUFACTURING</b>		
Stores & Spares parts consumed	4,572,115	3,292,971
Power, Fuel & Electricity	2,723,727	2,137,875
Water Charges	206,729	210,168
Repairs & Maintenance :		
Plant & Machinery	416,726	206,567
Factory Premises	-	295,235
Electrical Installation	11,375	106,989
Grooving & Labour charges	205,774	4,792,829
Sample Jewellery	82,529	-
	<u><u>8,218,974</u></u>	<u><u>11,042,634</u></u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31st MARCH, 2011**

	2010-2011	2009-2010
	Rs.	Rs.
<b>SCHEDULE I</b>		
<b>EMPLOYEES' REMUNERATION</b>		
Salaries, Wages & Bonus	27,848,164	15,771,804
Directors' Remuneration	1,764,000	1,080,000
Contribution to Provident and Other Funds	650,085	549,440
Staff Welfare	988,532	553,567
Gratuity	288,947	128,701
	<u>31,539,728</u>	<u>18,083,512</u>
<b>SCHEDULE J</b>		
<b>ADMINISTRATION</b>		
Printing & Stationery	454,336	460,363
Legal & Professional Charges	1,422,739	773,330
Travelling & Conveyance	1,193,590	1,632,594
Postage, Telephone, Telex	428,716	376,206
Repairs & Maintenance :		
Office Equipments	11,985	31,551
Vehicles	325,527	299,943
Others	148,586	60
Computer	246,769	175,424
Import Expenses	194,497	579,217
Auditors' Remuneration	85,000	85,000
Rent, Rates & Taxes	1,339,187	1,253,953
Sales Promotion Expenses	140,447	257,383
Bank Charges	2,577,695	1,681,148
Insurance & ECGC Premium	2,577,202	262,647
Miscellaneous Expenses	791,791	565,614
Export Expenses	1,911,719	1,499,957
Advertisement & Exhibition	3,706,278	3,318,964
Sundry Balances Written off/(back)	2,379,194	-
Loss on Sale of Vehicle	242,460	-
Share Issue Expenses written Off	57,897	57,897
	<u>20,235,614</u>	<u>13,311,251</u>



**SCHEDULE: K**

**NOTES ON ACCOUNTS**

**[2010-2011]**

**1 SIGNIFICANT ACCOUNTING POLICIES**

**I) Basis of Accounting:**

The Company prepares its accounts on accrual basis in accordance with generally accepted accounting principles and under historical cost convention. For recognition of Income & Expenses, Accrual system of Accounting is followed, except as stated otherwise.

**II) Fixed Assets:**

Fixed assets are stated at cost less depreciation. The cost is inclusive of all direct and incidental expenses related to acquisition and installation.

**III) Depreciation:**

Depreciation on fixed assets is provided on straight line method at the rate and in the manner specified in Schedule XIV of the Companies Act, 1956.

**IV) Inventories:**

Inventories are valued at the lower of cost and net realisable value.

**V) Share Issue Expenses:**

Share Issue Expenses are written off in equal installments over a period of ten accounting years.

**VI) Foreign Exchange Transactions:**

Monetary assets & liabilities related to foreign currency transaction settled during the year.

**VII) Retirement Benefits:**

Gratuity has been provided in accordance with the provisions of Payment of Gratuity Act, 1972.

**VIII) Deffered Tax**

Tax expenses charges to Profit & Loss account is after considering the deffered tax impact for the timing difference between accounting income and tax income, Deffered tax assets are recognized when there is a reasonable certainty that they will be realized. Deffered tax assets relating to unabsorbed business losses are recognized when there is a virtual certainty that there will be sufficient taxable profit to utilize them.

**2 Contingent Liabilities:**

Bank guarantee of Rs. 6000/-

Income Tax Liability for A. Y. 2007-08 of Rs. 8,83,181/- and A.Y. 2009-10 Rs. 72,110/-

- 3 Balance in respect of Sundry Creditors, Sundry Debtors and Loans & Advances are subject to confirmation from the respective parties.
- 4 Sundry balances written off/back in Schedule K includes sundry debtors of Rs. 21,70,735/- (Previous year Rs. NIL) and capital work in progress at Surat 4,38,754/- (Previous year Rs. NIL)
- 5 Factory premises in Schedule D in Fixed Assets includes Rs. 520/- towards cost of shares in a Co-operative society.

**6 Licensed & Installed Capacities and Actual Production**

(As Certified by the Management)

Class of Goods	Unit	Licensed Capacity	Installed Capacity	Actual Production
Studded Jewellery	Gms	Not Applicable (Not Applicable)	Not Ascertainable (Not Ascertainable)	195772.957 (139710.07)

Figures in brackets indicate figures for previous year.

**7. Break up of Raw Materials, Stores & Spare Parts Consumed :**

	Unit	2010-2011		2009-2010	
		Qty	Rs.	Qty	Rs.
Cut & Polished Diamonds	Cts.	29,203.59	156,935,260	23204.36	114,127,198
Standard Gold Bars	Gms.	78,136.65	144,916,634	94,452.44	125,279,285
Precious & Semi Precious Stones	Cts.	7,765.80	209,117	536.62	26,054
Alloys & Silver	Gms	183,852.24	3,201,615	98,091.79	1,022,982
Findings	Pcs	-	-	64.59	41,198
Studded Jewellery for Remaking	Gms	-	-	828.66	1,606,025
Stores & Spare parts		-	4,572,115	-	3,292,971
<b>TOTAL</b>			<b>309,834,741</b>		<b>245,395,713</b>

**8. Value of Consumption:**

	2010-2011		2009-2010	
	Percentage	Rs.	Percentage	Rs.
(i) Raw Materials :				
- Indigenous	86%	262,061,232	91%	220,989,801
- Imported	14%	43,201,394	9%	21,112,942
		<b>305,262,626</b>		<b>242,102,743</b>



	2010-2011		2009-2010	
	Percentage	Rs.	Percentage	Rs.
(ii) Stores & Spare Parts				
- Indigenous	95%	4,361,876	96%	3,171,270
- Imported	5%	210,238	4%	121,701
		4,572,115		3,292,971

**9. Opening Stock of Finished Goods :**

	Unit	2010-2011		2009-2010	
		Qty.	Rs.	Qty.	Rs.
Cut & Polished					
Diamonds	Cts.	5,671.89	30,138,939	2,720.44	18,084,110
Precious Stones	Cts.	349.38	56,900	599.08	57,100
Platinum	gms	1.21	2,261	1.21	2,261
		6,022.48	30,198,100	3,320.73	1,81,43,471

**10. Closing Stock of Finished goods :**

	Unit	2010-2011		2009-2010	
		Qty.	Rs.	Qty.	Rs.
Cut & Polished					
Diamonds	Cts.	16,828.12	63,246,564	5,671.89	30,138,939
Precious Stones	Cts.	689.19	10,009	349.38	56,900
Platinum	gms	1.21	2,261	1.21	2,261
		17,518.52	63,258,834	6,022.48	30,198,100

**11. Purchases for Resale :**

	Unit	2010-2011		2009-2010	
		Qty.	Rs.	Qty.	Rs.
Cut & Polished					
Diamonds	Cts.	196,532.69	638,561,379	97,018.48	501,406,791
Colour Stone	Cts.	444.10	46,870	-	-
		196,976.79	638,608,249	97,018.48	501,406,791

**12. Sales :**

	Unit	2010-2011		2009-2010	
		Qty.	Rs.	Qty.	Rs.
Cut & Polished					
Diamonds	Cts.	185,376.86	646,350,440	94,067.03	514,601,443
Studded Gold Jewellery	gms.	185,663.30	374,234,071	139,710.07	301,000,580
		371,040.16	1,020,584,511	233,777.10	81,56,02,023

**13. Directors' Remuneration :**

	Managing Director Rs.	Executive Director Rs.	Executive Director Rs.
Salaries	624,000 (540,000/-)	570,000 (517,500/-)	570,000 (517,500/-)

The Managing Director has waived commission for the year  
Figures in bracket indicates figures for previous year

**14. Auditors' Remuneration :**

	2010-2011 Rs.	2009-2010 Rs.
Audit Fees	35,000	35,000
Tax Audit Fee	20,000	20,000
Vat Audit	20,000	20,000
Certification	5,000	5,000
Taxation Matter	5,000	5,000
	85,000	85,000

**15. Value of Imports on CIF Basis :**

	2010-2011 Rs.	2009-2010 Rs.
Raw Materials	62,542,542	16,382,287
Stores & Spare Parts	215,166	359,237

**16. Earning in Foreign exchange :**

	2010-2011 Rs.	2009-2010 Rs.
Export at F.O.B. Basis	968,497,826	769,200,580

**17. Related Party disclosures**

Related parties disclosure in respect of Material Transaction are given below.:-

**a) Key Managerial Personnel:**

Name	Designation	Transaction	Amount
Shri Kanti Kumar Dadha	Chairman & Managing Director	Remuneration & Perquisites	741,374 (621,000)
Shri Karan Singh Baid	Executive Director	Remuneration & Perquisites	597,640 (517,500)
Shri Arvind Dadha	Executive Director	Remuneration & Perquisites	588,687 (517,500)

Figures in brackets indicate figures for previous year.



## B) Relative of Key Managerial Personnel

Name	Transaction	Amount
Mr. Ashish Dadha	Salaries	480,000
		(392,500)
Mr. Kusum Dadha	Rent	288,000
		(288,000)

Figures in brackets indicate figures for previous year.

**18. Segment Reporting:**

The Company is engaged in manufacturing & Sale of Studded Gold Jewellery, which is the only reportable Segment.

**19. Deferred Tax Assets (Net)**

	As on March 01/04/2010	Current Years (Reverse)/Credit	As on 31/03/2011
<b>Deferred Tax Liabilities</b>			
1) Depreciation	2,053,405	-135,235	1,918,170
A			
<b>Deferred Tax Assets</b>			
1) Gratuity	745,502	142,298	887,800
B	1,307,903	(277,533)	1,030,370

**Deferred Tax Liabilities( Net) B-A**

Pursuant to accounting standard 22 on "Accounting for Taxes on Income" the Impact of deferred tax liability (net) for the year ended 31/03/2011 of Rs. (2,77,533/-) has been credited to the Profit & Loss Account.

20. Previous year's figures have been regrouped/rearranged wherever necessary.





21. Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile:

**I. Registration Details:**

C.I.N. No.	U36912MH1990PLC058729
State Code	011
Balance Sheet Date	31/03/2011

**II. Capital Raised during the Year (Amount in Rs Thousand)**

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement (Promoters)	Nil

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs Thousand)**

Total Liabilities	502458
Total Assets	502458

**Sources of Funds:**

Paid-up Capital	69641
Reserves & Surplus	59774
Secured Loans	280866
Deferred Tax Liabilities	1031

**Application of Funds:**

Net Fixed Assets	15030
Net Current Assets	396171
Mis. Expenditure	111

**IV. Performance of Company (Amount in Rs Thousand)**

Turnover (Total Income)	1009196
Total Expenditure	993721
Profit Before Tax	15475
Profit After Tax	10203
Earning Per Share (Rs)	1.47
Dividend Rate %	5%

**V. Generic Terms of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	711319 - 02
Product Description	Studded Jewellery & Diamonds
Item Code No. (ITC Code)	711319 - 03
Product Description	Jewellery



Item Code No. (ITC Code)  
Product Description

710239 - 01  
Cut & Polished Diamonds

Signatories to Schedules 'A' to 'K'

As per our report of even date

**FOR A. J. BALIYA & ASSOCIATES**  
Chartered Accountants

**FOR & ON BEHALF OF THE BOARD**

**(CA. M. P. MODY)**  
Partner  
Membership No.: FCA42975

**(KANTIKUMAR DADHA) (ARVIND DADHA)**  
Chairman & Managing Director      Executive Director

Place : Mumbai  
Date : 30<sup>th</sup> May 2011



	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit Before Tax &amp; Extra-ordinary Items</b>		<b>15,475,490</b>		<b>7,256,969</b>
Adjustments for -				
Depreciation	2,144,673		2,113,371	
Interest Charged	20,771,712		17,439,835	
Loss on Sale of Vehicle	242,460		-	
Share Issue Expenses Written off	57,897		57,897	
Foreign Exchange Rate Difference	11,517,318		15,695,354	
		<u>34,734,060</u>		<u>35,306,457</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>50,209,550</b>		<b>42,563,426</b>
Adjustments for :				
Trade & Other Receivable	67,615,430		(13538951)	
Inventories	(59,588,410)		5,117,235	
Liabilities	(20,686,374)		9,388,328	
		<u>(12,659,354)</u>		<u>966,612</u>
Cash Generated from Operations		37,550,196		43,530,038
Interest Paid		(20,771,712)		(17,439,835)
Direct Tax Paid		(2,866,346)		(7,535,835)
Cash Flow Before Extra-Ordinary Items		<u>13,912,138</u>		<u>18,554,368</u>
Prior year's Adjustment		-		61,253
<b>NET CASH FROM OPERATING ACTIVITIES A</b>		<b>13,912,138</b>		<b>18,615,621</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Sale of Fixed Assets	99,111		-	
Purchases of Fixed Assets	(881,999)		(1,721,194)	
<b>NET CASH USED IN INVESTING ACTIVITIES B</b>		<b>(782,888)</b>		<b>(1,721,194)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings	(354,012)		(390,804)	
<b>NET CASH USED IN FINANCE ACTIVITIES C</b>		<b>(354,012)</b>		<b>(390,804)</b>
<b>C. FOREIGN EXCHANGE RATE DIFFERENCE D</b>		<b>(11,517,318)</b>		<b>(15,695,354)</b>
<b>Net Decrease in Cash and Cash Equivalents (A+B+C+D)</b>		<b>1,257,920</b>		<b>808,269</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>		<b>14,516,684</b>		<b>13,708,415</b>
<b>D. Closing Balance of Cash &amp; Cash Equivalents</b>		<b>15,774,604</b>		<b>14,516,684</b>

FOR AND ON BEHALF OF THE BOARD

(KANTIKUMAR DADHA)

Chairman &amp; Managing Director

(ARVIND DADHA)

Executive Director

Place : Mumbai

Dated : 30th May, 2011.



Dear Shareholder,

**Sub: "GO GREEN" initiative of the Ministry of Corporate Affairs ("MCA"), Government of India**

The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011, in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if services of documents have been made through electronic mode. The companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. The Company thus proposes to send all documents to the Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. henceforth to the shareholders in electronic form to the e-mail address provided by you and made available to us by the depositories (viz NSDL/CDSL). If you desire to have a different e-mail Id registered, please update the same with your Depository Participant (DP) immediately. All those shareholder who have not yet registered their e-mail Ids and are holding shares in electronic form are requested to immediately register the e-mail Ids with your concerned DP's. Those share holders who are still holding shares in physical form are requested to communicate with our Registrar & Share Transfer Agents (RTA), **Sharex Dynamic (India) Pvt Ltd. Unit-1 Luthra Ind Premises, E.M.Vasanji Marg, Safed Pool, Andheri Kurla Road, Andheri (East) Mumbai 400 072**, or mail to them at [golkundagogreen@sharexindia.in](mailto:golkundagogreen@sharexindia.in) quoting the Company Name , your name & Folio-Nos.

As a member of the company, In case you desire to receive the documents stated above in physical form, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time. The physical copies of these notices/documents will also be available at our Administrative Office in Mumbai for inspection during office hours.

The Annual Report of the Company would also be made available on the Company's website at [www.golkunda.com](http://www.golkunda.com) or may download the same from our RTA's web site [www.sharexindia.com](http://www.sharexindia.com).

We are sure that you will welcome the "Green Initiative" taken by the MCA and your company's desire to participate in the same

Thanking you,

**For Golkunda Diamonds & Jewellery Ltd**

**Kantikumar Dadha**

Chairman and Managing Director

Dated: 30th May, 2011



**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

Registered Office : G/30, Gems & Jewellery Complex III, SEEPZ,  
Andheri (East), Mumbai - 400 096.

Please complete the Attendance slip and hand it over at the Meeting Hall. Please also bring your copy of the enclosed Annual Report.

**ATTENDANCE SLIP**

I hereby record my presence at the 21<sup>st</sup> ANNUAL GENERAL MEETING of the Company convened at "Banquet Hall", Matoshri Arts & Sports Club, Jogeshwari-Vikhroli Link Road, Andheri (East), Mumbai - 400 093 on 29<sup>th</sup> September, 2011 at 4.00 P.M.

REG. FOLIO NO. \_\_\_\_\_

NO. OF SHARES \_\_\_\_\_

NAME OF THE MEMBER (IN BLOCK LETTERS) \_\_\_\_\_

SIGNATURE OF THE MEMBER OR PROXY \_\_\_\_\_

**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

Registered Office : G/30, Gems & Jewellery Complex III, SEEPZ,  
Andheri (East), Mumbai - 400 096.

**PROXY FORM**

REG. FOLIO NO. \_\_\_\_\_

NO. OF SHARES \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 21<sup>st</sup> Annual General Meeting to be held on 29<sup>th</sup> September, 2011 and at any adjournment thereof.

Signed by the said \_\_\_\_\_

**NOTE:** The form of proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.





**BOOK-POST**

*If Undelivered, Please return to:*

REGISTERED OFFICE:  
**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**  
G/30, Gems & Jewellery Complex III, SEEPZ,  
Andheri (East), Mumbai - 400 096.