

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Goldiam International Limited (Scrip Code: 526729)
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	For Pulindra Patel & Co. Chartered Accountants FRN NO. 115187W  Pulindra M. Patel Proprietor Membership No. 048991 	For and on behalf of the Board of Directors  Rashesh M. Bhansali Vice Chairman & Managing Director  Darshana J. Patel Chief Financial Officer   Rajesh G. Kapadia Audit Committee Chairman

*Annual Report*

**2013-2014**



**Goldiam  
International  
Limited**

MANUFACTURERS & EXPORTERS OF DIAMONDS & JEWELLERY

## BOARD OF DIRECTORS

MANHAR R. BHANSALI	CHAIRMAN
RASHESH M. BHANSALI	VICE-CHAIRMAN & MANAGING DIRECTOR
AJAY M. KHATLAWALA	INDEPENDENT DIRECTOR
RAJESH G. KAPADIA	INDEPENDENT DIRECTOR
DR. R. SRINIVASAN	INDEPENDENT DIRECTOR

## COMPANY SECRETARY & COMPLIANCE OFFICER

ANITA KATE

e-mail: [investorrelations@goldiam.com](mailto:investorrelations@goldiam.com)

## AUDITORS

PULINDRA PATEL & CO.,  
Chartered Accountants

## BANKERS

The Hongkong & Shanghai Banking Corporation Ltd.  
YES Bank Limited  
Standard Chartered Bank  
Punjab National Bank  
Citibank N.A.

## REGISTERED OFFICE

Gems & Jewellery Complex,  
M.I.D.C, SEEPZ, Andheri (East),  
Mumbai - 400 096  
E-mail: [goldiam@vsnl.com](mailto:goldiam@vsnl.com) Website: [www.goldiam.com](http://www.goldiam.com)

## DIAMOND PROCUREMENT OFFICE

The Capital, Office No.1107, A Wing,  
11th Floor, Plot No.C-70, G-Block,  
Bandra (East), Mumbai - 400 051.

## REGISTRAR AND TRANSFER AGENTS

M/s. Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078  
Tel no.: 25946970-78 Fax: 25946969  
e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## LISTING

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001  
National Stock Exchange of India Limited  
"Exchange Plaza", Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051

## DEMAT DETAILS

ISIN: **INE025B01017**

## TWENTY SEVENTH ANNUAL GENERAL MEETING

will be held on Tuesday, 30th September, 2014  
at 10.30 a.m. at 'TRIBUNE 1' Banquet hall, 6th Floor,  
Hotel Tunga International, M.I.D.C Central Road,  
Andheri (East), Mumbai - 400 093.

## Contents:

Notice .....	2
Directors' Report .....	12
Management Discussion and Analysis .....	16
Report on Corporate Governance .....	18
Auditors' Report .....	24
Balance Sheet .....	26
Profit and Loss Account .....	27
Cash Flow statement .....	28
Significant Accounting Policies .....	29
Notes on Financial Statements .....	32
Auditors' Report on Consolidated Accounts .....	52
Consolidated Balance Sheet .....	53
Consolidated Statement of Profit / Loss Account .....	54
Consolidated Cash Flow Statement .....	55
Significant Accounting Policies on Consolidated Accounts .....	56
Notes on Consolidated Financial Statements .....	60
Summary of financial information of Subsidiary companies .....	79
Attendance Slip .....	81
Proxy Form .....	83

### **IMPORTANT COMMUNICATIONS TO MEMBERS**

- A) As per the Securities and Exchange Board of India (SEBI) circular no.CIR/MRD/DP/10/2013 dated March 21, 2013, for distribution of dividend or other cash benefits in electronic mode of payments like National Electronic Clearing Service (NECS), Electronic Clearing Services (ECS), RTGS and NEFT shall be used, for which registrar and transfer agent of the Company shall be required to maintain the bank account details of the investors.

Also as per the SEBI Circular, in case the details like MICR no., IFSC no. etc. required for effecting electronic mode of payments are not available, physical payment instrument i.e. dividend warrants etc., will be used and on such physical payment instrument the bank account details of the investor shall mandatorily be printed.

Therefore, Members who have not updated their bank account particulars and are desirous of availing the facility of National Electronic Clearing Service (NECS) for receiving direct credit of the dividends declared in future, if any, in their Bank account are advised to submit particulars of their bank account viz. name and address of the branch of the bank, 9 digit MICR code of the bank and branch, type of account and the account number along with a blank cancelled cheque:

- To the Registrar and Transfer Agents of the Company for shares held in physical form; and
- Directly to their respective Depository Participant (DP) for shares held in electronic form. The Registrar and Transfer Agents are required to use the data provided only by the Depositories in case of shares held in electronic form.

- B) The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 stating that service of notices/ documents including Annual Reports can be made by e-mail to its members. This is also a golden opportunity for every shareholder of the Company to contribute to this initiative of the Government. By opting to receive communication through electronic mode you also have the benefit of receiving communication promptly and avoiding loss in postal transit, besides helping save costs on paper and on postage, reducing paper consumption and saving trees. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their respective Depository Participants. Members who hold shares in physical form are requested to inform their e-mail addresses to the Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd.

**GOLDIAM INTERNATIONAL LIMITED**

CIN: L36912MH1986PLC041203

Registered Address: Gems & Jewellery Complex, M.I.D.C., Seepz, Andheri (East), Mumbai – 400 096.

Tel: (022) 2829 1893, 2829 0396, 2829 2397 • Fax: (022) 2829 2885, 2829 0418

Email: goldiam@vsnl.com • Website: www.goldiam.com

**NOTICE**

**NOTICE** is hereby given that the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Members of GOLDIAM INTERNATIONAL LIMITED will be held on Tuesday, 30th September, 2014 at 10.30 a.m.at TRIBUNE 1' Banquet hall, 6th Floor, Hotel Tunga International, M.I.D.C Central Road, Andheri (East), Mumbai - 400 093 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend on equity shares for the year ended on 31<sup>st</sup> March, 2014.
3. To appoint a Director in place of Mr. Manhar R. Bhansali, (Holding DIN 00058699) who retires by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint the Auditors and to fix their remuneration and in this regards pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, M/s. Pulindra Patel & Co., Chartered Accountants, (Firm Registration No 115187W), be and are hereby re-appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the 30<sup>th</sup> Annual General Meeting of the Company, subject to ratification by shareholders at each annual general meeting to be held hereafter, and to fix their remuneration.

**SPECIAL BUSINESS:**

To pass with or without modification(s) the following resolutions as an **Ordinary Resolution:**

5. "RESOLVED THAT, Pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder and the Articles of Associations of the Company, Mrs. Ami R. Bhansali (DIN 00057937), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 13<sup>th</sup> August, 2014 and who holds office until the date of the Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retire by rotation".

6. "RESOLVED that pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rajesh G. Kapadia (DIN: 00003272), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 32nd Annual General Meeting of the Company.
7. "RESOLVED that pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ajay M. Khatlawala (DIN 00124042), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 4 (four) consecutive years for a term up to the conclusion of 31<sup>st</sup> Annual General Meeting of the Company.
8. "RESOLVED that pursuant to the provisions of Sections 149, 150 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Srinivasan (DIN 00003968), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 3 (three) consecutive years for a term up to the conclusion of 30<sup>th</sup> Annual General Meeting of the Company."
9. "RESOLVED that pursuant to the provisions of Section 196, 197, 198, 203 read with Schedule V and other applicable provisions, including any modification(s) or re-enactment thereof, if any of the Companies Act, 2013 (the Act) consent of the Company be and is hereby



accorded to increase the remuneration of Mr. Rashesh M. Bhansali (DIN-00057931), Vice Chairman & Managing Director of the Company with the effect from 1st April, 2014 till the remaining term of his appointment on the terms and conditions as detailed herein below:

Part A:

1. Basic Salary: ₹ 5,00,000/- per month

Part B:

1. Medical Reimbursement:

Reimbursement of medical expenses incurred for self and family members subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

2. Leave Travel Concession:

Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company for the time being in force.

3. Club Fees:

Membership fees of two clubs.

4. Gratuity:

Gratuity shall be payable as per the provisions of the payment of Gratuity Act, 1972 as amended from time to time.

5. Car for Office Use.

6. Telephone at residence for business use to be reimbursed from the Company.

FURTHER RESOLVED THAT Mr. Rashesh M. Bhansali, Vice – Chairman and Managing Director shall be entitled to Commission as a percentage to the net profits of the Company, as may be decided by the Board of Directors from time to time, subject to the ceiling fixed under Section 197 and Schedule V and other applicable provisions of the Companies Act, 2013 and amendments made thereto from time to time and accordingly, in the event of loss or inadequacy of profit in any financial year, the salary payable to Mr. Rashesh M. Bhansali, shall be governed by Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board and / or its committee be and is hereby in its absolute discretion to decide/determine, fix and/or vary/alter/modify within the limit stated above, the remuneration (including Minimum Remuneration in the event of absence or inadequacy of profits in any financial year) payable to Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director from time to time and to comply with all legal provisions and to do all such acts, deeds, things and matters etc., as may be considered necessary, desirable, expedient or proper to give effect to this resolution”.

To pass with or without modification(s) the following resolutions as special Resolutions:

10. "RESOLVED that in supersession of the Ordinary Resolution adopted at the 26<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> September, 2013 and pursuant to Section 180(1)(c) and any other applicable provisions of the

Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount to be borrowed together with the amount already borrowed apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹250 Crores (Rupees Two hundred fifty crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

By Order of the Board of Directors

Place: Mumbai

Date: 13<sup>th</sup> August, 2014

Regd. Office:

Gems & Jewellery Complex,  
M.I.D.C., SEEPZ, Andheri (E),  
Mumbai - 400 096.

**ANITA KATE**  
Company Secretary

**NOTES:**

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

2. The details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are also annexed. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms interegral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business under item no's. 5 to 10 is annexed hereto.
4. (a) The Register of Members and Share Transfer Books will remain closed from Thursday, 18<sup>th</sup> September, 2014 to Tuesday, 30<sup>th</sup> September, 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for 2014.  
(b) Subject to the provisions of Section 126 of Companies Act, 2013 dividend as recommended by the Board of Directors, if declared at the Meeting, will be paid on 10<sup>th</sup> October, 2014 to those members whose names appear on the Register of Members as on 17<sup>th</sup> September, 2014; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
5. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government. Accordingly, the unpaid/unclaimed dividend in respect of financial year 2006-07 (1st Interim) and 2006-2007 (2<sup>nd</sup> Interim) has been transferred to the Investor Education and Protection Fund (IEPF). Members who have not yet encashed their dividend warrant(s) for the financial year 2009-2010, 2010-2011, 2011-2012 and 2012-2013 requested to approach the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd. The Details of unpaid dividend is also available on the website of the Company [www.goldiam.com](http://www.goldiam.com)
6. Members are requested to notify immediately any change in their address or bank account particulars:
  - To the Registrar and Transfer Agents of the Company for shares held in physical form; and
  - Directly to their respective Depository Participants with whom they are maintaining their demat accounts and not to the Company/Registrar and Transfer Agents, for shares held in electronic form.
7. Non-Resident Indian Members are requested to inform M/s. Link Intime India Private Limited , immediately of :
  - Change in their residential status on return to India for permanent settlement.
  - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
8. In all correspondences with the Company, members holding shares in physical form are requested to quote their Folio numbers and those holding shares in electronic form are requested to quote their DP ID number and Client ID number.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd.
10. The Securities and Exchange Board of India (SEBI) has vide its circular no. MRD/ DoP/ Cir -05/2009 dated May 20, 2009, clarified that for securities market transactions and off-market/private transactions involving transfer of shares of listed companies in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/Registrar and Transfer Agents for registration of such transfer of shares. Accordingly, all transferees are requested to submit self-attested copies of their PAN card along with their request for transfer of shares of the Company in physical form in compliance with the above circular, failing which their request for transfer of shares will be returned under objection.
11. Members desirous of obtaining any information concerning the accounts are requested to write to the Company at least 10 days before the date of the meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
12. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participants (s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode. Members may also note that the copy of Annual Report will also be available on the Company's website [www.goldiam.com](http://www.goldiam.com).
13. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Report with them along with the Attendance slip duly signed and completed quoting their Folio No., in case shares are held in physical form or their DP ID number and Client ID number in case the shares are held in electronic form.
14. All documents referred to in the accompanying Notice and the Explanatory Statement, and other statutory register shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 am to 6.30 pm) on all working days except Sunday and public holiday up to and including the date of the Annual General Meeting of the Company.
15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013; and the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the AGM.

16. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link Intime India Pvt. Ltd., for consolidation into a single folio.

17. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circular, etc. from the Company electronically.**

**18. Voting through electronic means**

Pursuant to provisions of section 108 of the Companies Act, 2013, and Rule 20 of the Companies (Management & Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).

**The Instructions for members for voting electronically are as under:-**

- (A) In case of members receiving e-mail:
  - i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - ii) Click on "Shareholders" tab to cast your votes.
  - iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT".
  - iv) Now Enter your User ID

viii) After entering these details appropriately, click on "SUBMIT" tab.

ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

	<b>For members holding shares in Demat form</b>	<b>For members holding shares in Physical form</b>
User-ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 Digit beneficiary ID	Folio Number registered with the Company.

v) Next enter the Image Verification as displayed and Click on Login.

vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and Voted on an earlier voting of any company, then your existing password is to be used.

vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>● In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g.If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date in the Dividend Bank details field.</b></li> </ul>



- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:**
- A. Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- B. The voting period begins on 23<sup>th</sup> September, 2014 at 9.00 a.m. and ends on 25<sup>th</sup> September, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17<sup>th</sup> September, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- D. The voting right of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut off date 17<sup>th</sup> September, 2014.
- E. Ms. Neetu Agrawal, Practising Company Secretary (Membership No.25791 COP No.9272), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the present of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the Votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- F. The Result shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.goldiam.com](http://www.goldiam.com) and will be communicated to the Stock Exchanges on which the Company's equity shares are listed.

## **EXPLANATORY STATEMENT**

Explanatory Statement in respect of the special business pursuant to section 102 of the Companies Act, 2013 (Corresponding to Section 173 (2) of Companies Act, 1956) and forming part of the Notice dated 13<sup>th</sup> August, 2014.

### **Item No. 5:**

Pursuant to the provision of section 161 of the Companies Act, 2013 read with Articles of Association of the Company the Board of Directors, at their meeting held on 13<sup>th</sup> August, 2014, appointed Mrs. Ami R. Bhansali (DIN 00057937) as an Additional Director of the Company. Mrs. Ami R. Bhansali will hold the office upto the date of the Annual General Meeting of the Company. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with deposit of ₹1,00,000/- proposing her candidature for the office of Director.

The Company has received from Mrs. Ami R. Bhansali (i) Consent in writing to act as a director in form DIR-2, pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) Intimation in form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

No director, Key Managerial Personnel or their relative, except Mrs. Ami R. Bhansali being an appointee director and Mr. Rashesh M. Bhansali being relative, are interested or concern in the resolution.

The Board recommends the resolution set forth in item no. 5 for the approval of members.

### **Item No. 6:**

Mr. Rajesh G. Kapadia (holding DIN 00003272) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in October, 1994. Mr. Rajesh G. Kapadia is also a Chairman of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. He is also a Director, on the Board of Goldiam Jewellery Limited, a non listed Material Indian Subsidiary as per the requirement of the listing agreement. He does not hold any shares in the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Rajesh G. Kapadia being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company. A notice has been received under Section 160 of the Companies Act, 2013, from a member along with deposit of ₹1,00,000/- proposing Mr. Rajesh G. Kapadia as a candidate for the office of Independent Director of the Company.

The Company has received from Mr. Rajesh G. Kapadia (i) Consent in writing to act as director in form DIR-2, pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) Intimation in form DIR-8 in terms of Companies (Appointment & Qualification

of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Rajesh G. Kapadia fulfils the conditions specified in the Section 149 (6) of the Companies Act, 2013 and other applicable provisions of the said act and rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the management. A copy of the draft letter for the appointment of Mr. Rajesh G. Kapadia as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajesh G. Kapadia as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajesh G. Kapadia as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Rajesh G. Kapadia, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

### **Item No. 7:**

Mr. Ajay M. Khatlawala (holding DIN 00124042) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in October, 1994. Mr. Ajay M. Khatlawala is also a member of Audit Committee, Nomination & Remuneration Committee and Stake Holder Relationship Committee and the Chairman of Corporate Social Responsibility Committee of the Board of Directors of the Company. He also appointed on the Board of Diagold Design Limited, a non listed Material Indian Subsidiary as per the requirement of the listing agreement. He holds 1000 shares in the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Ajay M. Khatlawala being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for 4 (four) consecutive years for a term upto the conclusion of 31<sup>st</sup> Annual General Meeting of the Company. A notice has been received under Section 160 of the Companies Act, 2013, from a member along with deposit of ₹1,00,000/- proposing Mr. Ajay M. Khatlawala as a candidate for the office of Independent Director of the Company.

The Company has received from Mr. Ajay M. Khatlawala (i) Consent in writing to act as director in form DIR-2, pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) Intimation in form DIR-8 in terms of Companies (Appointment & Qualification

of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Ajay M. Khatlawala fulfils the conditions specified in the Section 149 (6) of Companies Act, 2013 and other applicable provisions of the said act and rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the management. A copy of the draft letter for the appointment of Mr. Ajay M. Khatlawala as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ajay M. Khatlawala as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Ajay M. Khatlawala as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Ajay M. Khatlawala, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Item No. 8:**

Dr. Raghavachari Srinivasan (holding DIN 00003968) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in May, 2002. Dr. Raghavachari Srinivasan is also a Chairman of Stake Holder Relationship Committee, member of Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. He does not hold any shares in the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Dr. Raghavachari Srinivasan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for 3 (Three) consecutive years for a term upto the conclusion of 30<sup>th</sup> Annual General Meeting of the Company. A notice has been received under Section 160 of the Companies Act, 2013, from a member along with deposit of ₹1,00,000/- proposing Dr. Raghavachari Srinivasan as a candidate for the office of Independent Director of the Company.

The Company has received from Dr. Raghavachari Srinivasan (i) Consent in writing to act as director in form DIR-2, pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) Intimation in form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 (iii) a declaration to the effect that he

meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Dr. Raghavachari Srinivasan fulfils the conditions specified in the Section 149 (6) of Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A copy of the draft letter for appointment of Dr. Raghavachari Srinivasan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Raghavachari Srinivasan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr. Raghavachari Srinivasan as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. Raghavachari Srinivasan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Item No 9:**

The Members at their Annual General Meeting held on 12th August, 2010 approved the re-appointment of Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director with effect from 1st February, 2011 for 5 years with the payment of remuneration as per below:

**PART A:**

Basic Salary: ₹ 3,00,000/- per month

**PART B:**

1. Medical Reimbursement:  
Reimbursement of medical expenses incurred for self and family members subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
2. Leave Travel Concession:  
Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company for the time being in force.
3. Club Fees:  
Membership fees of two clubs.
4. Gratuity:  
Gratuity shall be payable as per the provisions of the payment of Gratuity Act, 1972 as amended from time to time.
5. Commission as a percentage of the net profit of the Company as decided by the Board from time to time, subject to the ceiling under the provisions of Companies Act, 1956.

In view of the valuable contribution being made by Mr. Rashesh M. Bhansali towards the growth of the Company, the Board in its meeting held on 13th August, 2014, as recommended by Nomination and Remuneration Committee, subject to the approval of the Members of the Company in the Annual General Meeting, has decided to increase his remuneration as per below :

**Part A:**

1. Basic Salary: ₹ 5,00,000/- per month

**Part B:**

1. Medical Reimbursement:

Reimbursement of medical expenses incurred for self and family members subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

2. Leave Travel Concession:

Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company for the time being in force.

3. Club Fees:

Membership fees of two clubs.

4. Gratuity:

Gratuity shall be payable as per the provisions of the payment of Gratuity Act, 1972 as amended from time to time.

5. Car for Office Use.

6. Telephone at residence for business use to be reimbursed from the Company.

7. Commission as a percentage of the net profit of the Company as decided by the Board from time to time, subject to the ceiling under the provisions of Companies Act, 2013.

In, the event of loss or inadequacy of profit in any financial year, the salary payable to Mr. Rashesh M. Bhansali, shall be governed by Part II, Section II of Schedule V of the Companies Act, 2013.

**Profile of Mr. Rashesh M. Bhansali**

Date of Appointment	10 <sup>th</sup> October, 1986
Qualifications	Bachelors degree in Commerce
Expertise in specific functional area	Wide Knowledge & experience in the field of diamonds & Jewellery
Directorships held in other Public Companies (excluding Foreign Companies and Section 25 Companies)	· Diagold Designs Limited · Goldiam Jewellery Limited · Goldiam Jewels Limited
Memberships/Chairmanships of Committees of other Public Companies (includes only Audit and Shareholders'/Investor Grievance Committees)	Nil
Number of Shares held	6000000

Accordingly, the Board recommends the resolution for the approval by the shareholders of the Company.

None of the Directors except Mr. Rashesh M. Bhansali and his father Mr. Manhar R. Bhansali and his wife Mrs. Ami R. Bhansali are deemed to be concerned or interested in the resolution set out at item No. 9.

**Item No 10:**

The members of the Company at their 26<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> September, 2013 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings upto the limit of aggregate of paid up share capital and free reserves of the Company.

Section 180(1)(c) of the Companies Act, 2013 effective from 12<sup>th</sup> September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, require to take members approval by way of a Special Resolution under Section 180(1) (c) and other applicable provisions of the Companies Act, 2013, to enable to the Board of Directors to borrow money not exceeding ₹ 250/- crores over and above the aggregate of the paid up share capital and free reserves of the Company .

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

Accordingly, the Board recommends the resolution set out in item no. 10 for the approval by the shareholders of the Company.

By Order of the Board of Directors

Place: Mumbai

Date: 13<sup>th</sup> August, 2014

Regd. Office: Gems & Jewellery Complex,

M.I.D.C., SEEPZ, Andheri (E),

Mumbai - 400 096.

**ANITA KATE**

Company Secretary

**Details of the Director seeking appointment/re-appointment at the Annual General Meeting**

Particulars	<b>Mr. Manhar R. Bhansali (DIN 00058699)</b>
Date of Birth	20 <sup>th</sup> September, 1941
Date of Appointment	10 <sup>th</sup> October, 1986
Qualifications	Under Graduate
Expertise in specific functional area	Entered in the diamond business more than 4 decades ago. He is having extensive knowledge & experience in Diamond Business and engage in Manufacturing, Trading and Jewellery exports.  M/s. M. R. Bhansali group is well known group in the Diamond market. He is driving force behind the success of the Company and his contribution to the enhancement of the Indian Gems & Jewellery Industry is unparalleled. Mr. Manhar Bhansali also honored with the prestigious "Pioneer of the year" Award instituted by IDCA (Indian Diamond & Colorstone Association), New York.
Directorships held in other Public Companies (excluding Foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> <li>• Diagold Designs Limited</li> <li>• Goldiam Jewellery Limited</li> </ul>
Memberships/Chairmanships of Committees of other Public Companies (includes only Audit and Shareholders'/Investor Grievance Committees)	Nil
Number of Shares held	7103428

Particulars	<b>Mrs. Ami R. Bhansali (DIN 00057937)</b>
Date of Birth	23 <sup>th</sup> May, 1968
Qualifications	Bachelor degree in commerce
Expertise in specific functional area	Jewellery Designing
Directorships held in other Public Companies (excluding Foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> <li>• Goldiam Jewellery Limited</li> </ul>
Memberships/Chairmanships of Committees of other Public Companies (includes only Audit and Shareholders'/Investor Grievance Committees)	Nil
Number of Shares held	Nil

Particulars	<b>Mr. Rajesh G. Kapadia (DIN 00003272)</b>
Date of Birth	2 <sup>nd</sup> November, 1956
Date of Appointment	15 <sup>th</sup> October, 1994
Qualifications	B.com (Hons.) F.C.A. (Fellow Member of Institute of Chartered Accountants of India)
Expertise in specific functional area	Extensive knowledge & experience in accounts, taxation and company matters.
Directorships held in other Public Companies (excluding Foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> <li>• Exide Industries Limited</li> <li>• Prism Cement Limited</li> <li>• Asianet Satellite Communications Limited</li> <li>• ING Vyasa Life Insurance Company Limited</li> </ul>
	<ul style="list-style-type: none"> <li>• Raheja QBE General Insurance Company Limited</li> <li>• Goldiam Jewellery Limited</li> <li>• EIH Associated Hotels Limited</li> </ul>



Memberships/Chairmanships of Committees of other Public Companies (includes only Audit and Shareholders'/Investor Grievance Committees)	<p><b><u>Chairman of Audit Committee</u></b></p> <ul style="list-style-type: none"> <li>● Exide Industries Limited</li> <li>● Prism Cement Limited</li> <li>● Raheja QBE General Insurance Company Limited</li> <li>● ING Vyasa Life Insurance Company Limited</li> </ul> <p><b><u>Member of Audit Committee</u></b></p> <ul style="list-style-type: none"> <li>● Asianet Satellite Communications Limited</li> <li>● EIH Associated Hotels Limited</li> </ul> <p><b><u>Member of Shareholders/Investor Committee</u></b></p> <ul style="list-style-type: none"> <li>● Prism Cement Limited</li> </ul>
Number of Shares held	Nil

Particulars	<b>Mr. Ajay M. Khatlawala (DIN 00124042)</b>
Date of Birth	2 <sup>nd</sup> May, 1954
Date of Appointment	15 <sup>th</sup> October, 1994
Qualifications	B.SC., LLB, Solicitor
Expertise in specific functional area	Wide Knowledge & experience in legal and Company matters.
Directorships held in other Public Companies (excluding Foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> <li>● Diagold Designs Limited</li> <li>● Dighi Port Limited</li> </ul>
Memberships/Chairmanships of Committees of other Public Companies (includes only Audit and Shareholders'/Investor Grievance Committees)	Nil
Number of Shares held	1000

Particulars	<b>Dr. Raghavachari Srinivasan (DIN 00003968)</b>
Date of Birth	30 <sup>th</sup> May, 1931
Date of Appointment	2 <sup>nd</sup> May, 2002
Qualifications	Ph.D., CAIIB, FIB, Doctorate in Banking & Finance
Expertise in specific functional area	Wide experience in Banking & Finance
Directorships held in other Public Companies (excluding Foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> <li>● Graphite India Limited</li> <li>● Shalimar Paints Ltd</li> <li>● McLeod Russel India Limited</li> <li>● Williamson Magor &amp; Co. Ltd.</li> <li>● J. Kumar Infraprojects Limited</li> </ul>
Memberships/Chairmanships of Committees of other Public Companies (includes only Audit and Shareholders'/Investor Grievance Committees)	<p><b><u>Chairman of Audit Committee</u></b></p> <ul style="list-style-type: none"> <li>● J. Kumar Infraprojects Limited</li> <li>● McLeod Russel India Limited</li> <li>● Shalimar Paints Ltd</li> </ul> <p><b><u>Member of Audit Committee</u></b></p> <ul style="list-style-type: none"> <li>● Graphite India Limited</li> <li>● Williamson Magor &amp; Co. Ltd.</li> </ul>
Number of Shares held	Nil

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Twenty - Seventh Annual Report on the affairs of the Company together with the Audited Statements of Accounts for the year ended on 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS:

	(₹ in Lakhs)	
	Year ended 31.03.2014	Year ended 31.03.2013
Sales for the year	<u>12,527.05</u>	<u>9,745.77</u>
Profit before Interest & finance charges, depreciation & taxation	<u>1,571.49</u>	1,306.14
Less: Interest & finance Charges	<u>82.05</u>	70.97
Operating profit before depreciation & taxation	<u>1,489.44</u>	1,235.17
Less: Depreciation, amortization & impairment of asset	<u>171.14</u>	137.98
Profit before Exceptional Items	<u>1,318.30</u>	1,097.19
Add: Exceptional Items	<u>0.00</u>	180.33
Profit before taxation	<u>1,318.30</u>	1,277.52
Current Tax & Prior Year	<u>317.29</u>	257.58
Deferred Tax Liability	<u>1.38</u>	170.80
Profit after taxation	<u>999.63</u>	849.15
Add: Balance brought forward	<u>8,446.25</u>	8,082.96
Profit available for appropriation	<u>9,445.88</u>	8,932.11
Less: Appropriation:		
Transfer to General Reserve	<u>25.00</u>	50.00
Interim Dividend	<u>0.00</u>	249.46
Tax on Interim Dividend	<u>0.00</u>	40.47
Proposed Dividend	<u>299.35</u>	124.73
Provision for Tax on Proposed Dividend	<u>50.87</u>	21.20
Balance carried forward to Balance Sheet	<u>9070.65</u>	<u>8,446.25</u>

### OPERATIONS:

The operations of the Company have shown improvement as compared to the previous year. The Company has achieved a turnover of ₹12,527.05 lakhs during the year under report as compared to ₹9,745.77 lakhs during the previous year reflecting a growth of 28.54% over the previous year. The net profit of the company increased by 17.72% from ₹849.15 to ₹999.63 lakhs in the current year.

### DEPOSITS:

The Company has not invited/ accepted any deposit from the public during the year ended 31<sup>st</sup> March, 2014.

There were no unclaimed or unpaid deposits as on 31<sup>st</sup> March, 2014.

### DIVIDEND:

Your directors recommend payment of dividend of ₹1.20/- per share of face value of ₹10/- each for the year ended March 31, 2014 as against a dividend of ₹1.50/- per share of face value of ₹10 each for the previous year.

The dividend payout for the year under review has been formulated in accordance with shareholders' aspiration and the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

### SUBSIDIARY COMPANIES:

In accordance with the General Circular no. 2/2011 File no. 51/12/2007-CL-III dated 24<sup>th</sup> May, 2012 issued by the Ministry of Corporate Affairs, Government of India, granting general exemption to the companies under Section 212(8) of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account and other Reports and statements of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any shareholder of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies are also available for inspection by any shareholder at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements of the Company and all the subsidiaries duly audited by the statutory auditors of the Company are presented in the Annual Report of the Company. A summary of the financial information of the subsidiary companies is also attached to the Annual Report of the Company.

### DEMATERIALISATION:

More than 98% of the shares of the Company are in dematerialized form. Your Directors request all the members who have not yet got their holdings dematerialized to do so to enable easy trading of the shares as the shares of the Company are compulsorily traded in dematerialized form.

### DIRECTORS:

As per the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Manhar R. Bhansali (DIN 00058699), Director of the Company, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer himself for re-appointment. Your Directors recommend his re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2014 on a 'going concern' basis.

**AUDITORS:**

M/s. Pulindra Patel & Co., Chartered Accountants, statutory auditors of the Company having registration number FRN No.115187W hold the office from the conclusion of this Annual General Meeting until the conclusion of the 30<sup>th</sup> Annual General Meeting. The Company has received a certificate from the statutory auditors to the effect that their re-appointment, if made, would be within the limits prescribed. The statutory auditors have also confirmed that they hold a valid certificate issued by the "Peer Review Board" of The Institute of Chartered Accountants of India.

**VARIOUS COMMITTEES:**

**a) Corporate Social Responsibility Committee:**

During the year, your directors have constituted the Corporate Social Responsibility Committee comprising Mr. Ajay M. Khatlawala as the Chairman of the committee and Mr. Manhar R. Bhansali, Mr. Rashesh M. Bhansali as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

**b) Nomination & Remuneration Committee:**

During the year, your directors have constituted the Nomination & Remuneration Committee comprising Mr. Rajesh G. Kapadia as the Chairman of the Committee, Mr. Ajay M. Khatlawala and Dr. R. Srinivasan as other members.

**c) Stakeholder Relationship Committee:**

During the year, your directors have re-constituted/re-named existing "Shareholder/Investor Grievance Committee" which shall be termed as "Stakeholder Relationship Committee" consisting of Dr. R. Srinivasan as a Chairman of the Committee, Mr. Rashesh M. Bhansali and Mr. Ajay M. Khatlawala as members.

**REPORT ON CORPORATE GOVERNANCE:**

A separate report on Corporate Governance is attached to this report along with Statutory Auditors' certificate on its compliance.

**(A) CONSERVATION OF ENERGY, (B) TECHNOLOGY ABSORPTION, (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars as prescribed under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as furnished herein below:

**a) Conservation of Energy:**

As the Gems & Jewellery Industry is not covered by the Schedule prescribed by the said Rules, disclosure of particulars on conservation of energy is not applicable to the Company.

**b) Technology Absorption:**

The particulars regarding absorption of technology are annexed in the prescribed Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**c) Foreign Exchange Earnings and Outgo:**

The Company's main line of business is manufacturing and exporting studded gold jewellery. The Company has achieved Export Turnover of ₹12,527.05 lakhs during the year under report, 2013-2014, as compared to ₹9,745.77 lakhs in the previous year, 2012-2013.

(₹ in Lakhs)

Particulars	2013-2014	2012-2013
<b>1) Foreign Exchange Earned</b>		
Export of Goods of F.O.B basis	11,765.80	9,227.77
<b>2) Outgo of Foreign Exchange</b>		
i) Raw Materials	3,526.35	3,642.49
ii) Consumable Store	14.64	10.73
iii) Capital Goods	0.560	17.42
iv) Foreign Travels	8.67	8.30
v) Others	40.96	20.12
vi) Dividend	13.50	37.80

**PARTICULARS OF EMPLOYEES:**

None of the employees has received remuneration/ salary exceeding the limit as stated in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

**ACKNOWLEDGEMENTS:**

Your Directors take this opportunity to place on record their appreciation and sincere gratitude to the Government of India, Government of Maharashtra, SEEPZ (SEZ) Authorities and the Bankers to the Company for their valuable support and look forward to their continued co-operation in the years to come.

Your Directors acknowledge the support and co-operation received from the employees and all those who have helped in the day-to-day management.

For and on behalf of the Board of Directors

Place: Mumbai  
Dated: May 27, 2014

**MANHAR R. BHANSALI**  
(DIN 00058699)  
Chairman

## ANNEXURES FORMING PART OF THE DIRECTORS' REPORT

### ANNEXURE – I

#### FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R & D) as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

#### Research & Development:

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

The Company's R & D is focused on offering high quality, competitively priced, innovative design jewellery to its customers. It places emphasis on latest technologies for manufacturing diamond studded jewellery which can lead to improved quality. Goldiam has carried out extensive research in gold recovery. With the implementation of better techniques of gold recovery, the efficiency of gold recovery method has improved.

##### 2. Benefits derived as a result of the above R & D:

The R & D activities will enable the Company to reduce the cost of manufacturing jewellery and offer high quality, innovative design jewellery which is competitively priced to its customers thereby increasing customer satisfaction, revenue and profitability.

##### 3. Future plan of action:

The Company intends to continue the research in its pursuit for bringing attractively priced, finer quality products to the customers.

##### 4. Expenditure on R & D:

R&D is a continuous process and the expenditure is not specifically earmarked for the same and is debited to the general manufacturing expenses.

(a) Capital	NIL
(b) Recurring	NIL
(c) Total	NIL
(d) Total R & D expenditure as a percentage of total turnover	N.A.

#### Technology absorption, adaptation and innovation:

##### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company endeavours to keep itself abreast with the technical developments, innovations and trends in its line of business and constantly strives to incorporate the same in manufacturing jewellery and improve the design & quality of its products and reduce the costs.

##### 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:

The benefit will be reflected in the areas of substantial cost reduction and higher customer satisfaction through improved product quality.

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

a) Technology imported	)	
b) Year of import	)	
c) Has technology been fully absorbed	)	The Company has
d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	)	not imported any technology



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and developments:

The gems and jewellery industry occupies an important position in Indian economy. It is one of the oldest industries in the world and has gone through a transition in the last decade and also a leading foreign exchange earner and also one of the fastest growing industries in the country. The major two segments of the sector in India are gold Jewellery and diamond and this sector is further engaged in sourcing, manufacturing, and processing, which involves cutting, polishing and selling precious gemstone and metals such as diamonds, other precious stones, gold, silver and platinum. Geographically, the US continues to be the largest consumer for gems and jewellery, followed by China, India, the Middle East and Japan. In Western Europe, the UK and Italy are the largest consumers. Italy is also one of the world's largest jewellery fabrication centre. The emerging markets like China, India which have been traditional hubs of jewellery consumption, are expected to develop as the largest consumption markets for both traditional as well as branded Jewellery.

According to the Gem & Jewellery Export Promotion Council (GJEPC) the Indian Gems & Jewellery section for the F.Y 2013-2014 has contributed US\$ 34,746.90 million to India's foreign exchange earnings, with a decline of 11 percent as compared to the last year figures. The financial year 2013-14 saw an increase of 12.65 percent in export of cut and polished diamonds with figures of US\$ 19,635 million. The industry also saw an increase of 11.98 percent in imports of rough diamonds with figures of US\$ 1,6716 million indicating an increase in cutting, polishing and other manufacturing activities in India. The export of gold jewellery & Gold medallions together for the period April 2013-14 was at US\$ 11,045.92 million which shows a decline of 39.50 percent. This was mainly due to the non-availability of the gold limiting the extent of trade for many of the Indian players. The average price for exported gold was lower than previous year adding to the woes of the industry that took a hit and closed at a negative of 11 percent. The coloured gemstones export also dropped by 20.10 percent in this year with figures of US\$ 519 million. The Silver jewellery exports had a significant increase by 58.57 percent with figures of US\$ 1460 million. Key exporting destinations for Gems & Jewellery in 2013-14 were UAE with 35% of exports valued at US\$ 12,195.34 followed by Hong Kong that stood at 28% with value of US\$ 9,790.45 and USA at 14% with export value of US\$ 4,948.92.

### Opportunities:

The jewellery industry is growing at a healthy rate, the shining metals of India brings more sparkle to the economy. There has been a robust growth in the diamond sector. The market is bullish and the US and Europe markets have also

improved. The Company major export goes to USA and European countries, and some to Russia. The increase in profit shows the progress of the Company, it is increased by 17.72% in F.Y 2013-2104. The Company looking for a new ventures and use improved technology for increasing its sales to satisfy the requirement of its customers.

### Threats:

The Company is exposed to risk in exchange rate fluctuations as the Company is dependent on exports sales and import of raw material. However, the Company closely monitors and takes appropriate steps to reduce such risks. Competition which has always been a challenge is countered by better quality and designs, branding, catering to changing customer demands/styles and cost control measures. Increasing prices of raw materials have affected and can affect the profit margins. However, the Company continuously thrives for improved production efficiency to counter this risk as far as possible

### Segment-wise Performance:

The Company has two segments viz. jewellery manufacturing and investment activity. The Company has achieved a turnover of ₹12,743.17 lakhs in the jewellery segment and of ₹413.69 lakhs in investment activities.

### Risks and Concerns:

The nature of the Company's business exposes it to several inherent risks and concerns. The Company strives to closely monitor the risks and to mitigate them by adopting suitable, pragmatic strategies.

#### a) Bullion Risk:

The volatility in the gold prices exposes the Company to bullion risk as gold forms approximately 30% of the cost of the finished product. The Company hedges its outstanding position mitigating the risk associated with the volatility in the gold prices.

#### b) Raw Material Supplies Risk:

Though India plays a dominant role in the Gems & Jewellery industry in terms of processing and consumption, mining of gold and diamond is amongst the lowest in the world. India imports gold and rough diamonds along with other precious metals.

#### c) Currency Risk:

Currency risk arises from exposure to foreign currencies and the volatility associated therewith. 100% of our exports have been transacted in US Dollars. While the Company hedges majority of its receivables, any sharp fluctuation in currency is likely to affect the cash flow of the Company as well as its profitability.

**d) Geography Risk:**

Dependence on any geographic location makes the Company's business in that region vulnerable to the economic slowdown therein. While USA continues to be our prime export destination, we have, with a view to manage the risks, have made the small beginning and diversified and tapped the markets in Middle East, Thailand, Europe, Russia and Japan.

**Outlook:**

The outlook for the Gems & Jewellery Industry looks positive. As the Company is always strive for increasing its sales and profit, in coming F.Y 2014-2015 also it will strive for increasing its export by 10 To 20%.

**Internal Control and its adequacy:**

The Company has an internal control system commensurate with its size and nature of business to ensure efficiency of operations, compliance with internal control policies and applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions.

Certified by the Internal Auditors and the Statutory Auditors of the Company, the internal control system is also supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines to ensure reliability of financial and other records.

**Financial Performance:**

The resurgence of the global economies and the persistent efforts of the Company to sustain its trade relations besides expanding its base to other markets have helped the Company to show a considerable improvement in its performance during the year under review as compared to the previous year. The Company has achieved a turnover of ₹12,527.05 lakhs during the year under review as

compared to ₹9,745.77 lakhs during the previous year reflecting a growth of 28.54% over the previous year. The profit of the Company has increased from ₹849.15 lakhs to ₹999.63 lakhs.

The consolidated turnover of the Company, its Subsidiaries and Joint Ventures has increased from ₹26,566.65 lakhs in the previous year to ₹31,383.96 lakhs during the year under review recording a growth of 18.13%. The consolidated net profit after tax and minority interest and profit and loss on disposal of subsidiary has decreased from ₹1,865.96 lakhs in the previous year to ₹1,707.04 lakhs in the year under review registering decline growth of 8.52%.

**Material developments in Human Resources/ Industrial Relations:**

The Company considers its human resources as amongst its most valuable assets and continues to place emphasis on their development. It has been Company's constant endeavour to impart requisite training and thereby develop and hone the skills and talent of its personnel and enable them to realize their potential.

The overall Industrial Relations in the Company have been quite peaceful and cordial.

**Cautionary Statement:**

Statements in the Management Discussion and Analysis describing Company's objective, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws, statutes and other incidental factors.

## REPORT ON CORPORATE GOVERNANCE

Your Directors are pleased to submit their report on the Corporate Governance of the Company for the Financial Year 2013-2014.

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Goldiam benchmarks its Corporate Governance with the application of sound management practices and it conforms to the mandatory requirements. The Company is constantly striving to adopt the emerging good corporate governance practices.

### MANAGEMENT DISCUSSION AND ANALYSIS:

This has been carried elsewhere in the Annual Report.

### BOARD OF DIRECTORS:

#### Composition and Category of the Board of Directors as on 31<sup>st</sup> March, 2014 and the number of directorships and chairmanship/ membership of the Board Committees in other public limited Companies:

The composition of the Board is in conformity with Clause 49 of the Listing Agreement with Stock Exchanges

Name of Director	Category	No. of Directorships and Committee Memberships/Chairmanship held in other Public Limited Companies		
		Directorship	Committee Chairmanship	Committee Membership
Mr. Manhar R. Bhansali	Chairman, Promoter-Executive	2	Nil	Nil
Mr. Rashesh M. Bhansali	Promoter-Executive	3	Nil	Nil
Mr. Rajesh G. Kapadia	Independent-Non-Executive	7	4	3
Mr. Ajay M. Khatlawala	Independent-Non-Executive	2	Nil	Nil
Dr. R. Srinivasan	Independent-Non-Executive	6	4	3

Other directorships do not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

Chairmanship/ Membership of committees of Board of Directors include only Audit and Shareholders'/ Investors' Grievance Committees of other Public Limited Companies.

### BOARD MEETINGS HELD:

Four Board meetings were held during the financial year ended on 31<sup>st</sup> March, 2014. These were held on 24<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 13<sup>th</sup> November, 2013, and 11<sup>th</sup> February, 2014.

#### Attendance of each director at the Board meetings held during the financial year ended 31<sup>st</sup> March, 2014 and the last AGM:

Director	No. of Board meetings held	No. of Board meetings attended	Last AGM (YES/NO)
Mr. Manhar R. Bhansali	4	3	YES
Mr. Rashesh M. Bhansali	4	4	YES
Mr. Rajesh G. Kapadia	4	3	YES
Mr. Ajay M. Khatlawala	4	4	YES
Dr. R. Srinivasan	4	4	YES

### COMMITTEES OF THE BOARD:

#### A) AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are broadly as under:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Recommending to the Board, the appointment of Cost Auditor.



















































































































































