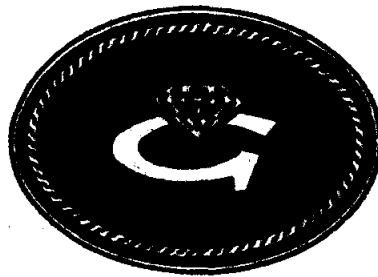


Annual Report

2000-2001



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Goldiam International Limited

MANUFACTURERS & EXPORTERS OF DIAMONDS & JEWELLERY

Goldiam International Limited

BOARD OF DIRECTORS

MANHAR R. BHANSALI
RASHESH M. BHANSALI
CHANDRESH A. MEHTA
AJAY M. KHATLAWALA
RAJESH G. KAPADIA

Chairman & Mg. Director
Vice-Chairman & Mg. Director
Whole Time Director

SECRETARY

M. K. VARMA

AUDITORS

H. S. GANDHI & CO.,
Chartered Accountants

BANKERS

Punjab National Bank
State Bank of India
Bank of India
Citibank N. A.

REGISTERED OFFICE

Gems & Jewellery Complex,
Seepz, Andheri (East),
Mumbai - 400 096.

BRANCH OFFICE

Shop No.2, Prasad Chambers,
Opera House, Mumbai-400 004.

REGISTRARS AND TRANSFER AGENTS

M/s. Intime Spectrum Registry Pvt. Ltd.,
260, Shanti Industrial Estate,
Sarojini Naidu Road, Mulund (W),
Mumbai - 400 080.
Tel. Nos. : 5647731/5672716/5684590 • Fax : 5672693
Email : isrl@vsnl.com

Branch at :

202, Daver House, D. N. Road, Mumbai - 400 001.

LISTING

The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street.
Mumbai - 400 001.

Jaipur Stock Exchange Limited,
Stock Exchange Building,
Jawaharlal Nehru Marg,
Malaviya Nagar,
Jaipur - 302 017.

Stock Exchange, Ahmedabad,
Kamadhenu Complex,
Opp. Sahajanand College,
Panjarapole,
Ahmedabad - 380 015.

The Delhi Stock Exchange Association Ltd.,
DSE House,
3/1, Asaf Ali Road,
New Delhi - 110 002.

DEMAT DETAILS

ISIN : INE025B01017

FOURTEENTH ANNUAL GENERAL MEETING

will be held on Friday, 3rd August, 2001, at 4.00 p.m.
at Vishal Hall, Vishal Shopping Centre, Andheri-Kurla
Road, Near Andheri Station, Andheri (East),
Mumbai-400 069.

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*Annual Report 2000-2001***NOTICE**

NOTICE is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the Members of GOLDIAM INTERNATIONAL LIMITED will be held on Friday, 3rd August, 2001, at 4.00 p.m. at Vishal Hall, Vishal Shopping Centre, Andheri-Kurla Road, Near Andheri Station, Andheri (East), Mumbai- 400 069, to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet and the Profit and Loss Account of the Company and the Auditors' Report thereon for the year ended 31st March, 2001.
2. To declare dividend on equity shares for the year ended on 31.3.2001.
3. To appoint a Director in place of Shri Ajay M. Khatlawala, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Chandresh A. Mehta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. H.S. Gandhi & Company, Chartered Accountants, as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the Company hereby accords its approval to the appointment of Shri Manhar R. Bhansali as the Chairman and Managing Director of the Company, for a period of five years, with effect from 24.01.2001 and that he be remunerated by way of Commission as a percentage to the profit earned by the company, as may be decided by the Board of Directors from time to time, not exceeding 5% of such profit in any year, as per the provisions of the Companies Act, 1956, and that he shall also be entitled for use of Company's

Car and Telephone at residence as per the provisions contained in Schedule XIII to the Companies Act, 1956."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, the consent of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Shri Rashesh M. Bhansali, Vice-Chairman and Managing Director of the Company for a period of five years with effect from 1st February, 2001 and the remuneration be increased with effect from 1st August, 2000, on the terms and conditions as detailed hereinbelow.

PART A:

- | | |
|-----------------|--------------------------|
| 1. Basic Salary | Rs. 1,50,000/- per month |
|-----------------|--------------------------|

PART B:

- | | |
|--|--|
| 1. Medical Reimbursement | Reimbursement of expenses incurred subject to a ceiling of one month's Salary in a year or three months' 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 | Fees of two Clubs |
| 4. Personal Accident Insurance | Premium not exceeding Rs. 5,000/- p. a. |
| 5. Car with Driver for Office Use. | |
| 6. Telephone at residence subject to personal long distance calls to be reimbursed to the Company. | |

FURTHER RESOLVED THAT Shri Rashesh M. Bhansali, Vice Chairman and Managing

Goldiam International Limited

Director shall also be entitled to Gratuity as per the provisions of The Payment of Gratuity Act, 1972 (subject to a ceiling of Rs. 3,50,000/-), and privilege leave as applicable to other members of the staff.

FURTHER RESOLVED THAT Shri 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 309 and Schedule XIII to the Companies Act, 1956 and amendments made thereto from time to time.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any year, the salary payable to Shri Rashesh M. Bhansali, Vice Chairman and Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modifications thereto."

fixed under Section 309 and Schedule XIII to the Companies Act, 1956 and amendments made thereto from time to time.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any year, the salary payable to Shri Chandresh A. Mehta, Whole-Time Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modifications thereto."

By order of the Board,

M. K. VARMA
Company Secretary

Place : Mumbai
Date : 18th June, 2001

Regd. Office.
Gems & Jewellery Complex,
Seepz, Andheri (E),
Mumbai - 400 096.

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the Company hereby accords approval to the reappointment of and payment of remuneration to Shri Chandresh A. Mehta as the Whole-Time Director of the Company for a period of five years with effect from 1st February, 2001 as per the terms and conditions as detailed hereinbelow :

PART A:

1. Basic Salary Rs. 45,000/- per month

FURTHER RESOLVED THAT Shri Chandresh A. Mehta, Whole-Time Director, shall also be entitled to, Bonus, Gratuity as per the provisions of The Payment of Gratuity Act, 1972 (subject to a ceiling of Rs. 3,50,000/-), and privilege leave as applicable to other members of the staff.

FURTHER RESOLVED THAT Shri Chandresh A. Mehta, Whole-Time Director shall be entitled to Commission as a percent to the net profits of the Company, as may be decided by the Board of Directors from time to time, subject to the ceiling

NOTES :

- 1) A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.
- 2) The instrument appointing proxy should, be deposited at the Company's Registered Office not less than 48 hours before the commencement of the meeting.
- 3) Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business mentioned above is annexed hereto.
- 4) The Register of Members and Share Transfer Books will remain closed from Wednesday, 1st August, 2001 to Friday, 3rd August, 2001 (both days inclusive).
- 5) In all correspondence with the Company, members are requested to quote their folio numbers and in case the shares are held in the dematerialised form, they should quote their client ID Number and DP ID Number.
- 6) Members, who hold shares in de-materialised form are requested to inform their client ID and DP ID numbers for easier identification for

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attendance at the meeting.

- 7) Share holders are requested to note that if physical documents, viz. Demat Request Forms (DRF) and share certificates, etc. are not received from their DPs by the Company/Registrar within a period of 30 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected/cancelled. Upon rejection/cancellation of the DRN, a fresh DRF has to be forwarded along with the share certificates by the DPs to the Company/Registrar. This note is only to caution shareholders that they should ensure that their DPs do not delay in sending the DRF and share certificates to the Company/Registrar after generating the DRN.
- 8) Members desiring to have any information on the accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.
- 9) 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.
- 10) Information u/s 205A read with the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978 as amended is given below:
 - (i) Pursuant to Section 205 of the Companies Act, 1956 all unclaimed/unpaid dividends up to the financial year ended 31.3.1995 have been transferred to the General Reserve Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Mill Compound, Kalachowki, Dataram Lad Marg, Mumbai – 400 033 by submitting an application in the prescribed form.
 - (ii) Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to

Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 18TH JUNE 2001:

Item No. 6

The Board of Directors at their meeting held on 24.01.2001 decided that in view of the vast experience of Shri Manhar R. Bhansali, which has enabled the Company to leap to the present heights, should be kept at the helm of day to day affairs to enable the Company reach newer heights and, therefore, thought it fit to appoint him as Managing Director also and to redesignate him as the Chairman and Managing Director. As he need be remunerated only on the basis of performance of the Company from time to time no monthly remuneration was fixed and the Board decided to remunerate him as a percentage of the net profits of the Company computed as per the provisions of the Companies Act, 1956. In addition to the remuneration, he will also be entitled to use of Company's Car and Telephone at residence.

Shri Manhar R. Bhansali is the promoter of the Company and has been its Chairman since incorporation. He has wide and deep knowledge and experience in the field of Diamonds and Jewellery and had always been a source of inspiration to one and all in the Company. His proximity and easy access to the higher echelons of the Government hierarchy has always been of immense help to the Company in times of need. The Board of Directors recommends the approval of members to the resolution according consent to his appointment.

None of the Directors except Shri Manhar R. Bhansali and his son, Shri Rashesh M. Bhansali, is deemed to be concerned or interested in this resolution.

Item No. 7

Approval was given by the members at the Annual General Meeting held on 9th September, 1996 for the reappointment of Shri Rashesh M. Bhansali as the Managing Director of the Company w.e.f. February 1,

Goldiam International Limited

1996, as per the terms and conditions detailed therein. The Board of Directors, at their meeting held on 20th October, 2000 decided to increase his remuneration from Rs.1,00,000/- p.m., as approved by the members at the A.G.M. held on 28th July,2000, to Rs.1,50,000/- p.m. w.e.f. 1st August, 2000. Approval of this increase by the members is being sought now. The term of appointment expired on January 31, 2001 and hence his reappointment for a further period is being sought. In addition to the salary mentioned above he is entitled to usual benefits such as Gratuity, Privilege Leave, and commission out of net profit as computed pursuant to the provisions of the Companies Act, 1956 and subject to ceiling prescribed under the said Act, of such amount and in such proportion as may be decided by the Board of Directors. He is also entitled to reimbursement of medical expenses subject to a ceiling of one month's salary in a year or three months' salary over a period of three years, leave travel concession for self and family, membership of two clubs, Personal Accident Insurance with premium not exceeding Rs.5000 p.a., Car, and Telephones at residence for office use, as per the provisions contained in Schedule XIII to the Companies Act, 1956.

Shri Rashesh M. Bhansali has wide and rich experience in the field of Diamonds and Jewellery, and in managing the affairs of the Company, under whose stewardship the Company has reached new heights. The Board of Directors considering this and his expertise and ability to managing the affairs of the Company, recommends the approval of members to the resolution consenting to his re-appointment.

None of the Directors except Shri Rashesh M Bhansali and his father Shri Manhar R. Bhansali, is deemed to be concerned or interested in this Resolution

General Meeting held on 9th September, 1996 for the re-appointment of Shri Chandresh A. Mehta as the Whole-Time Director of the Company w.e.f. February 1, 1996, as per the terms and conditions detailed therein. Members at the Annual General Meeting held on 28.7.2000 has approved increase in his remuneration to Rs. 45,000/- p.m. w.e.f. 1.8.1999, and approval for his reappointment is now being sought on the same terms. In addition to the salary mentioned above he is entitled to usual benefits such as Bonus, Gratuity, Privilege Leave, and commission out of net profit as computed pursuant to various provisions of the Companies Act, 1956 and subject to ceiling prescribed under the said Act, of such amount and in such proportion as may be decided by the Board of Directors.

Shri Chandresh A. Mehta has wide and rich experience in the field of Diamonds and Jewellery The Board of Directors considering this recommends the approval of members to the resolution consenting to his reappointment.

None of the Directors except Mr. Chandresh A. Mehta is deemed to be concerned or interested in this Resolution.

Documents for Inspection

The documents referred to in the Notice and Explanatory Statement in Item No.6, 7 & 8 above are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days until the date of the Annual General Meeting.

By Order of the Board

Item No.8

Approval was given by the members at the Annual

Place : Mumbai

Date : 18th June , 2001

M. K. VARMA

Company Secretary

*Annual Report 2000-2001***Directors' Report**

Dear Members,

Your Directors have pleasure in presenting this Fourteenth Annual Report on the affairs of the Company together with the Audited Statements of Accounts for the year ended on 31st March, 2001.

FINANCIAL RESULTS

(Rupees in Lacs)

	Year ended 31.3.2001	Year ended 31.3.2000
Sales for the year	9492.88	9305.99
	9492.88	9305.99
Profit before Interest, depreciation & taxation	1907.81	1835.32
Less Interest:	—	—
Operating profit before depreciation	1907.81	1835.32
Less: Depreciation	112.91	102.60
Profit before taxation	1794.90	1732.72
Provision for taxation	41.75	73.08
Provision for taxation written off/written back	0.69	
Excess provision for property tax written back	—	47.45
Profit after taxation	1753.84	1707.09
Add: Balance brought forward	1016.94	523.31
Profit available for appropriation	2770.78	2230.40

DIVIDEND:

Your directors recommend a dividend to Rs.4.50 per share, (45%) for the year ended on 31.3.2001.

OPERATIONS:

The turnover for the year under review increased marginally to Rs.9492.88 lacs despite the adverse conditions prevailing in the overseas markets. The net profit after provision for interest, depreciation and taxation has also maintained the growth pattern.

As mentioned in the last year's report, the Company started manufacturing Platinum Jewellery. However, it could not achieve the expected results due to the sluggish market conditions abroad.

DEMATERIALISATION:

As the shares of the Company are notified by SEBI

for compulsory trading in the dematerialised form, arrangements with the Depositories have been made well in time as per the instructions of SEBI and more than 80% of the Shares of the Company have been dematerialised. Your Directors would now request all the members who have not yet got their holdings dematerialised to do so to enable easy trading of the shares.

DIRECTORS:

As per Article 118 of the Articles of Association of the Company, Shri Ajay M. Khatlawala and Shri Chandresh A. Mehta, Directors of the Company will retire by rotation and being eligible offer themselves for re-appointment. Your Directors recommend re-appointment of the retiring directors.

Your Directors, considering the invaluable services rendered by Shri Manhar R. Bhansali, Chairman of the Company, during all these years, which has enabled the Company to achieve the goals from time to time, felt it advisable to have his full time attention to the day to day business operations of the Company and, therefore, decided to appoint him as the Chairman and Managing Director with effect from 24.01.2001, at the meeting of the Board held on that day. It was also decided that he would be remunerated by way of commission depending on the profit of the Company. Your directors recommend passing of the resolution as proposed in the notice of the 14th Annual General Meeting in this regard.

Your Directors, in appreciation of the achievements made by the Company under the able leadership of the Managing Director, Shri Rashesh M. Bhansali, decided to increase his remuneration to Rs.1,50,000/- p.m. with effect from 1.8.2000. Your Directors recommend passing of the resolution approving the increased remuneration payable to him. The Board at the meeting held on 24.1.2001 also decided to redesignate him as the Vice-Chairman and Managing Director with effect from that date.

The terms of appointment of Vice-Chairman and Managing Director, Shri Rashesh M. Bhansali and Whole-Time Director, Shri Chandresh A. Mehta, as approved by the members at the Annual General Meeting held on 9.9.1996 expired on 31.1.2001, and would, therefore, request members to accord approval for their re-appointment as indicated in the Agenda of the 14th Annual General Meeting.

Goldiam International Limited

Shri. Vimal Sedani, Whole-Time Director of the Company, resigned and left the company and your Directors wish to place on record the Board's appreciation of the valuable services rendered by him.

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 annual accounts for the financial year ended 31st March, 2001, 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 judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 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 fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

AUDITORS:

M/s H. S. Gandhi & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible have consented for re-appointment. Your Directors recommend their re-appointment.

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

As required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 the information is 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 the Particulars in the Report of Board of Directors) Rules, 1988.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company's main line of business is the manufacture and export of Studded Gold Jewellery. The Company has achieved marginal growth in exports during the current year 2000-2001 with Export Turnover of Rs.9492.88 lacs as compared to Rs. 9305.99 lacs in the previous year, 1999-2000.

Total Foreign Exchange used : Rs. 55,89,33,905/-

Total Foreign Exchange earned : Rs. 93,43,87,910/-

PARTICULARS OF EMPLOYEES:

Particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies Amendment Act, 1988 are annexed hereto forming part of this report.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their appreciation and sincere gratitude to Government of India, Government of Maharashtra, Seepz Authorities and the Bankers to the Company for their valuable assistance, and look forward to their co-operation to continue in the years to come.

Your Directors acknowledge the support and co-operation received from the employees and Unions of Employees, but for which the performance of the Company would not have reached the remarkable levels it has achieved, and thank them for the same.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 18th June, 2001

MANHAR R. BHANSALI
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 the Particulars in the Report of Board of Directors) Rules, 1988