

*Annual Report*  
**2009-2010**



**Goldiam  
International  
Limited**

MANUFACTURERS & EXPORTERS OF DIAMONDS & JEWELLERY



Mr. Manhar R. Bhansali, Chairman & Managing Director, receiving the  
"PIONEER OF THE YEAR" Award instituted by IDCA (Indian Diamond &  
Colorstone Association), 56 West, 45<sup>th</sup> Street, New York,  
NY 10036 on 5<sup>th</sup> June, 2010 at Las Vegas, U.S.A.

# Goldiam International Limited

## BOARD OF DIRECTORS

MANHAR R. BHANSALI  
RASHESH M. BHANSALI  
AJAY M. KHATLAWALA  
RAJESH G. KAPADIA  
DR. R. SRINIVASAN

CHAIRMAN & MANAGING DIRECTOR  
VICE-CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

## COMPANY SECRETARY & COMPLIANCE OFFICER

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

## AUDITORS

PULINDRA PATEL & CO.,  
Chartered Accountants

## BANKERS

The Hongkong & Shanghai Banking Corporation Ltd.  
Punjab National Bank  
YES Bank Limited

## REGISTERED OFFICE

Gems & Jewellery Complex,  
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

2, Prasad Chambers  
Opera House, Mumbai - 400 004

## REGISTRAR AND TRANSFER AGENTS

M/s. Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
LBS 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)

### BRANCH AT:

203, Davar House, 2<sup>nd</sup> floor,  
D. N. Road, Fort,  
Mumbai - 400 001  
Tel: 22694127

## 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 THIRD ANNUAL GENERAL MEETING

will be held  
on Thursday, 12<sup>th</sup> August, 2010 at 3.00 p.m.  
at 'TRIBUNE 1' Banquet Hall, 6<sup>th</sup> floor,  
Hotel Tunga International,  
M.I.D.C. Central Road, Andheri (East),  
Mumbai 400 093

## Contents:

Notice .....	04
Directors' Report .....	08
Management Discussion and Analysis .....	11
Report on Corporate Governance .....	12
Auditors' Report .....	18
Balance Sheet .....	20
Profit and Loss Account .....	21
Cash Flow statement .....	22
Schedules .....	23
Notes on Account .....	31
Statement relating to Subsidiary Companies ..	44
Auditors' Report on Consolidated Account .....	45
Consolidated Balance Sheet .....	46
Consolidated Profit & Loss Account .....	47
Consolidated Cash Flow Statement .....	48
Schedules to Consolidated Account .....	49
Annual Accounts of the Subsidiaries .....	66
Attendance Slip & Proxy Form .....	159

# Goldiam International Limited

## NOTICE

**NOTICE** is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of GOLDIAM INTERNATIONAL LIMITED will be held on Thursday, 12<sup>th</sup> August, 2010 at 3.00 p.m. at 'Tribune 1' Banquet Hall, 6<sup>th</sup> 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, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the financial year ended 31<sup>st</sup> March, 2010.
3. To appoint a Director in place of Dr. R. Srinivasan, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. Pulindra Patel & Co., Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:  
"RESOLVED pursuant to the provisions of Sections 198, 269, 309, 310, 349 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any amendments made thereto from time to time that the consent of the Company be and is hereby accorded to remunerate Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, with effect from 1<sup>st</sup> April, 2010 on the terms and conditions as detailed hereunder:

#### PART A:

Basic Salary: Rs.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.

FURTHER RESOLVED THAT Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, shall also be entitled to commission as a percentage of 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, as amended from time to time.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all steps/ actions and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable, expedient or proper to give effect to this resolution."

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

"RESOLVED pursuant to the provisions of Sections 198, 269, 309, 310, 311, 349 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any amendments made thereto from time to time that the consent of the Company be and is hereby accorded to the re-appointment of Mr. Rashesh M. Bhansali as the Vice Chairman & Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> February, 2011 and the payment of remuneration to him on the terms and conditions as detailed hereunder:

#### PART A:

Basic Salary: Rs.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.

FURTHER RESOLVED THAT Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, shall also be entitled to commission as a percentage of 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, as amended from time to time.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all steps/ actions and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable, expedient or proper to give effect to this resolution."

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

"RESOLVED pursuant to the provisions of Sections 198, 269, 309, 349 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any amendments made thereto from time to time that the consent of the Company be and is hereby accorded to the re-appointment of Mr. Manhar R. Bhansali as the Chairman & Managing Director of the Company for a period of 5 years with effect from 24<sup>th</sup> January, 2011.

## Annual Report 2009-2010

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all steps/ actions and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable, expedient or proper to give effect to this resolution."

By Order of the Board of Directors

Place: Mumbai  
Date: 30<sup>th</sup> May, 2010  
Regd. Office:  
Gems & Jewellery Complex,  
SEEPZ (SEZ), Andheri (E),  
Mumbai - 400 096.

**RACHANA V. VORA**  
Company Secretary

### 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 OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, DULY COMPLETED AND SIGNED, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business to be transacted at the meeting as set out above is annexed hereto and forms part of the Notice.
- 3) The details of the Directors seeking re-appointment at the forthcoming Annual General Meeting as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are also annexed.
- 4) The Register of Members and Share Transfer Books will remain closed from Wednesday, 4<sup>th</sup> August, 2010 to Thursday, 12<sup>th</sup> August, 2010 (both days inclusive).
- 5) Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those members whose names appear in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Registrar and Transfer Agents on or before 3<sup>rd</sup> August, 2010. In respect of the shares held in dematerialized form, the dividend will be payable on the basis of the beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of the business hours on 3<sup>rd</sup> August, 2010 for this purpose.
- 6) Members holding shares in dematerialized form are requested to note that the bank particulars as registered against their respective depository accounts will be used by the Company for the payment of dividend through Electronic Clearing Service (ECS) or for printing on Dividend Warrants pursuant to the SEBI directive vide Circular No. D&CC/ FITTC/Cir-4/2001 dated 13.11.2001 wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in dematerialized form and with the Registrar and Transfer Agents for the shares held in physical form.
- 7) Members holding shares in physical form and desirous of availing the facility of ECS for receiving direct credit of dividend 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 or photocopy of a cheque or front page of the bank passbook for verification of the bank particulars to M/s. Link Intime India Pvt. Ltd., the Registrar and Transfer Agents of the Company.
- 8) 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.
- 9) Members, who hold shares in dematerialized form, are requested to quote their Client ID number and DP ID number and those who hold shares in physical form are requested to quote their Folio numbers in the Attendance slip for easier identification of attendance at the meeting.
- 10) In all correspondence with the Company, members are requested to quote their Folio numbers and in case the shares are held in the dematerialized form, they should quote their Client ID number and DP ID number.
- 11) Members 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 14 days from the date of generation of the Demat Request Number (DRN) for dematerialization, 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.
- 12) Members desirous of obtaining any information concerning 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.
- 13) Relevant documents referred to in the accompanying Notice are available for inspection by the members at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
- 14) 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 31.03.1995 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, CGO Complex, 2<sup>nd</sup> floor, "A" Wing, CBD-Belapur, Navi Mumbai 400 614 by making an application in the prescribed form;

# Goldiam International Limited

- (ii) Consequent to 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 is to 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 claims against the Fund. Accordingly, the unpaid/unclaimed dividend amount for the years ended on 31.03.1996, 31.03.1997, 31.03.1998, 31.03.1999, 31.03.2000, 31.03.2001 and 31.03.2002 have been transferred to the Fund. The unpaid/unclaimed dividend amount for the year ended on 31.03.2003 will be transferred in August, 2010. Members who have not so far encashed their dividend warrant(s) for the year ended 31.03.2003 or any of subsequent years are requested to seek the issue of the duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 30<sup>TH</sup> MAY, 2010:**

### **ITEM NO. 5**

The members of the Company had, at the Annual General Meeting held on 26<sup>th</sup> July, 2005, approved the re-appointment of Mr. Rashesh M. Bhansali as the Vice Chairman & Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> February, 2006 on a remuneration of a Basic Salary of Rs.7,75,000/- per month, reimbursement of medical expenses subject to a ceiling of one month's salary in a year or three month's salary over a period of three years, leave travel concession for self and family once in a year, fees of two clubs, personal accident insurance premium not exceeding Rs.5,000/- per annum, car and telephone at residence for office use, 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. He was also entitled to Commission out of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

The remuneration paid to Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, was, however, discontinued with effect from January 2008 owing to the losses/ inadequate profits. After having undergone challenging times in the financial year 2008-09, the Company is experiencing an upward trend and registering profits and it was felt prudent to pay him remuneration, with effect from 1<sup>st</sup> April, 2010, of Basic Salary of Rs.3,00,000/- per month, 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, 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, membership fees of two clubs, gratuity as per the provisions of the Payment of Gratuity Act, 1972 as amended from time to time and Commission as a percentage of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

Mr. Rashesh M. Bhansali has rich and wide experience in the field of diamonds and jewellery and has been guiding force behind the Company since the past 22 years. Under his able leadership and guidance the Company has reached new heights. He is a Director on the Board of Diagold Designs Limited, Goldiam Jewels Limited, Goldiam Jewellery Limited and Goldiam USA, Inc., subsidiaries of the Company. The Board recommends the resolution for the approval of the members.

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

The Explanatory statement together with the accompanying Notice should be treated as an abstract under Section 302.

### **ITEM NO. 6**

The members of the Company had, at the Annual General Meeting held on 26<sup>th</sup> July, 2005, approved the re-appointment of Mr. Rashesh M. Bhansali as the Vice Chairman & Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> February, 2006 on a remuneration of a Basic Salary of Rs.7,75,000/- per month, reimbursement of medical expenses subject to a ceiling of one month's salary in a year or three month's salary over a period of three years, leave travel concession for self and family once in a year, fees of two clubs, personal accident insurance premium not exceeding Rs.5,000/- per annum, car and telephone at residence for office use, 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. He was also entitled to Commission out of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

The remuneration to Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, was, however, discontinued with effect from January 2008 owing to the losses/ inadequate profits. With the Company's financial performance improving, it was felt prudent to remunerate him with effect from 1<sup>st</sup> April, 2010 by way of Basic Salary of Rs.3,00,000/- per month, 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, 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, membership fees of two clubs, gratuity as per the provisions of the Payment of Gratuity Act, 1972 as amended from time to time and Commission as a percentage of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

The present term of his appointment expires on 31<sup>st</sup> January, 2011 and the Board of Directors of the Company, at the meeting held on 30<sup>th</sup> May, 2010, decided, subject to the approval of the members of the Company, to re-appoint him for a further period of 5 years w.e.f. 1<sup>st</sup> February, 2011 at a remuneration of Basic Salary of Rs.3,00,000/- per month, 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, 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, membership fees of two clubs, gratuity as per the

## Annual Report 2009-2010

provisions of the Payment of Gratuity Act, 1972 as amended from time to time and Commission as a percentage of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

Mr. Rashesh M. Bhansali has rich and wide experience in the field of diamonds and jewellery and has been guiding force behind the Company since the past 22 years. Under his able leadership and guidance, the Company has reached new heights. He is a Director on the Board of Diagold Designs Limited, Goldiam Jewels Limited, Goldiam Jewellery Limited and Goldiam USA, Inc., subsidiaries of the Company. The Board recommends the resolution for the approval of the members.

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

The Explanatory statement together with the accompanying Notice should be treated as an abstract under Section 302.

### ITEM NO. 7

The members of the Company had, at the Annual General Meeting held on 26<sup>th</sup> July, 2005, approved the re-appointment of Mr. Manhar R. Bhansali as the Chairman & Managing Director of the Company for a period of 5 years with effect from 24<sup>th</sup> January, 2006 and also approved the payment of remuneration to him on the basis of performance of the Company as a percentage of the profits of the Company computed as per the provisions of the Companies Act, 1956 as may be decided by the Board from time to time and the use of the Company's car and telephone at residence for office use. As the present term of his appointment expires on 23<sup>rd</sup> January, 2011, the Board of Directors of the Company,

at the meeting held on 30<sup>th</sup> May, 2010, decided, subject to the approval of the members of the Company, to re-appoint him for a further period of 5 years w.e.f. 24<sup>th</sup> January, 2011 at no remuneration.

Mr. Manhar R. Bhansali, promoter of the Company, entered the diamond business more than 4 decades ago and has been the Chairman of the Company since its inception. His extensive knowledge and experience in the field of diamonds and jewellery has constantly guided the Company. He is the driving force behind the success of the Company. He is also the Chairman of Company's subsidiaries Diagold Designs Limited, Goldiam Jewels Limited and Goldiam Jewellery Limited.

The Board recommends the approval of the members to the resolution as a Special resolution as he will attain the age of 70 years and as required under Schedule XIII to the Companies Act, 1956 his re-appointment should be approved by the members of the Company vide a Special Resolution.

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

The Explanatory statement together with the accompanying Notice should be treated as an abstract under Section 302.

By Order of the Board of Directors

Place: Mumbai  
Date: 30<sup>th</sup> May, 2010

**RACHANA V. VORA**  
Company Secretary

**Regd. Office:**  
Gems & Jewellery Complex,  
SEEPZ (SEZ), Andheri (E),  
Mumbai - 400 096

### Details of the Directors seeking re-appointment at the Annual General Meeting

Particulars	Dr. R. Srinivasan	Mr. Rashesh M. Bhansali	Mr. Manhar R. Bhansali
Date of Birth	30 <sup>th</sup> May, 1931	06 <sup>th</sup> July, 1968	20 <sup>th</sup> September, 1941
Date of Appointment	02 <sup>nd</sup> May, 2002	01 <sup>st</sup> September, 1988	10 <sup>th</sup> October, 1986
Qualifications	Ph.D., CAIIB, FIB, Doctorate in Banking & Finance	T.Y.B.Com.	Int. Com.
Expertise in specific functional area	Wide experience in Banking & Finance	Wide knowledge & experience in the field of diamonds & jewellery	Wide knowledge & experience in the field of diamonds & jewellery
Directorships held in other Public Companies (excluding Foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> <li>• J Kumar Infraprojects Ltd.</li> <li>• Elder Pharmaceuticals Ltd.</li> <li>• McLeod Russel India Ltd.</li> <li>• Graphite India Ltd.</li> <li>• Shalimar Paints Ltd.</li> <li>• Williamson Magor &amp; Co. Ltd.</li> <li>• XL Telecom &amp; Energy Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Diagold Designs Ltd.</li> <li>• Goldiam Jewels Ltd.</li> <li>• Goldiam Jewellery Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Diagold Designs Ltd.</li> <li>• Goldiam Jewels Ltd.</li> <li>• Goldiam Jewellery Ltd.</li> </ul>
Memberships/ Chairmanships of Committees of other Public Companies (includes only Audit and Shareholders'/ Investors' Grievance Committees)	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>• J Kumar Infraprojects Ltd.</li> <li>• Elder Pharmaceuticals Ltd.</li> <li>• McLeod Russel India Ltd.*</li> <li>• Graphite India Ltd.</li> <li>• Shalimar Paints Ltd.*</li> <li>• Williamson Magor &amp; Co. Ltd.</li> <li>• XL Telecom &amp; Energy Ltd.*</li> </ul> <b>Shareholders'/ Investors' Grievance Committee</b> <ul style="list-style-type: none"> <li>• Elder Pharmaceuticals Ltd.*</li> </ul>	Nil	Nil
Number of shares held	Nil	5350000	7103428

\* Chairman of the Committee

# Goldiam International Limited

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Twenty Third 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, 2010.

### FINANCIAL RESULTS:

(Rupees in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Sales for the year	<b>5935.17</b>	5593.97
Profit before Interest, depreciation & taxation	<b>614.02</b>	(1217.39)
Less: Interest & Finance Charges	<b>20.68</b>	14.07
Operating profit before depreciation & taxation	<b>593.34</b>	(1231.46)
Less: depreciation, amortization & impairment of asset	<b>122.57</b>	163.45
Profit before taxation	<b>470.77</b>	(1394.91)
Provision for taxation	<b>(40.46)</b>	(32.60)
Profit after taxation	<b>511.23</b>	(1362.31)
Add: Balance brought forward	<b>7156.83</b>	8519.14
Profit available for appropriation	<b>7668.06</b>	7156.83
Appropriation:		
Proposed Dividend	<b>249.46</b>	NIL
Provision for Tax on Proposed Dividend	<b>41.43</b>	NIL
Balance carried forward to Balance Sheet	<b>7377.17</b>	7156.83

### OPERATIONS:

After having undergone challenging times in the financial year 2008-09, the Indian gems and jewellery industry is experiencing an upward trend and the same is being reflected in the performance of the Company. The turnover of the Company during the financial year 2009-10 was Rs.5935.17 lacs as compared to Rs.5593.97 lacs for the previous year and the Company has earned a profit of Rs.511.23 lacs as compared to a net loss of Rs.1362.31 lacs for the previous year.

### DEPOSITS:

The Company has not invited/ accepted any deposit from the public during the year ended 31<sup>st</sup> March, 2010. There were no unclaimed or unpaid deposits as on 31<sup>st</sup> March, 2010.

### DIVIDEND:

With the Company's performance improving and it registering profits, your Directors recommend a dividend of Re.1/- per equity share of Rs.10/- each fully paid-up (10%) for the financial year ended 31<sup>st</sup> March, 2010.

### BUY-BACK OF EQUITY SHARES:

Pursuant to the approval of the Board of Directors under Section 77A of the Companies Act, 1956 to buy-back fully

paid-up equity shares of the Company at a price not exceeding Rs.50/- per equity share from the open market through the Stock Exchanges for an aggregate amount not exceeding Rs.5.25 crores being 3.53% of the aggregate of the Company's total paid-up equity share capital and free reserves as on March 31, 2009, the Company has, during the year under report, bought back 6,00,000 equity shares for a total consideration of approximately Rs.2.32 crores (exclusive of Brokerage, STT and other charges) utilizing the General Reserve and Securities Premium accounts and all the equity shares bought back have been extinguished.

### SUBSIDIARY COMPANIES:

During the year under report, Goldiam HK Limited, Hong Kong, a subsidiary of the Company then, had offered shares on Rights basis to all the shareholders; however, in view of the global economic slowdown faced by the Companies then, the Company had not subscribed to the Rights Issue and consequently, the shareholding of the Company in Goldiam HK Limited had fallen below 50% and Goldiam HK Limited had ceased to be a subsidiary of the Company. Diagold Designs Limited has, during the year under report, incorporated a Limited Liability Partnership, Temple Designs LLP, to cater to the retail jewellery market.

As per the provisions of Section 212(1) of the Companies Act, 1956 copies each of the Balance Sheet, Profit & Loss Account, Reports of the Board of Directors and the Auditors of the subsidiary companies, viz. Diagold Designs Limited, Goldiam Jewels Limited, Goldiam Jewellery Limited and Goldiam USA, Inc. and step-down subsidiary OOO Tiara Jewels and other statements/ certificates as required are attached to this Annual Report. Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements are also attached. The turnover and profit / (loss) after tax of the subsidiaries are given below:

Subsidiary	Turnover (Rs.)	Profit/(Loss) (Rs.)
1. Diagold Designs Limited	4852.04 lacs	(208.86 lacs)
2. Goldiam Jewels Limited	1151.01 lacs	(27.64 lacs)
3. Goldiam Jewellery Limited	6075.42 lacs	575.62 lacs
4. Goldiam USA, Inc.	1255.50 lacs	(44.71) lacs
5. OOO Tiara Jewels*	23.95 lacs	3.65 lacs

\* Subsidiary of Diagold Designs Limited

### DEMATERIALIZATION:

More than 97% 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 Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Dr. R. Srinivasan, Director of the Company, retires by

## Annual Report 2009-2010

rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

The terms of appointments of Mr. Manhar R. Bhansali, Chairman & Managing Director, and Mr. Rashes M. Bhansali, Vice Chairman & Managing Director, expire on 23<sup>rd</sup> January, 2011 and 31<sup>st</sup> January, 2011 respectively and your Directors recommend their re-appointment for a period of five years w.e.f. 24<sup>th</sup> January, 2011 and 1<sup>st</sup> February, 2011 respectively on the terms and conditions as mentioned in the Notice of the Annual General of Meeting.

### **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 31<sup>st</sup> March, 2010, 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 are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 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, 2010 on a 'going concern' basis.

### **AUDITORS:**

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

### **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:**

As required under the Companies (Disclosure of Particulars in the Report of 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 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 Rs.5218.33 lacs during the year under report, 2009-2010, as compared to Rs.4811.73 lacs in the previous year, 2008-2009.

Total Foreign Exchange used : Rs.172,979,944/-

Total Foreign Exchange earned : Rs.515,607,572/-

### **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 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: 30<sup>th</sup> May, 2010

**MANHAR R. BHANSALI**  
CHAIRMAN

# Goldiam International Limited

## 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 gold 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 percentage of gold recovered is higher and wastage has gone down considerably. The Company has also carried out in-depth research on casting crucibles. With the advent of the new casting crucibles, the life of the crucibles has increased resulting in an increase in the output by almost 300% per casting. In addition to the invisible setting in diamond, the Company has also introduced new micro pave hand set technology.

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