

Annual Report

1998-99



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**Goldiam
International
Limited**

MANUFACTURERS & EXPORTERS OF DIAMONDS & JEWELLERY

Goldiam International Limited

BOARD OF DIRECTORS

MANHAR R. BHANSALI Chairman
 RASHESH M. BHANSALI Managing Director
 CHANDRESH A. MEHTA
 VIMAL N. SEDANI
 AJAY M. KHATLAWALA
 RAJESH G. KAPADIA

SECRETARY

VIMAL MASRANI

AUDITORS

H.S. GANDHI & CO.,
 Chartered Accountants

BANKERS

State Bank of India
 Punjab National Bank
 Bank of India
 Citibank N. A.
 ABN AMRO BANK N.V.

REGISTERED OFFICE

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

BRANCH OFFICE

702, Prasad Chambers,
 Opera House, Mumbai - 400 004.

REGISTRARS AND TRANSFER AGENTS

Consolidated Share Services Pvt. Ltd.,
 Shanti Nagar, Cross Road, 'A',
 Near M.I.D.C. Bus Depot,
 M.I.D.C., Andheri (East),
 MUMBAI - 400 093.
 Tel. Nos. : 835 5635/ 837 6800
 Fax No. : 838 1384

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 Limited,
 West Plaza, I. G. Stadium,
 Indraprastha Estate,
 New Delhi - 110 002.

TWELFTH ANNUAL GENERAL MEETING

will be held on Thursday, 15th July 1999, 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 1998-99***NOTICE**

NOTICE is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the Members of GOLDIAM INTERNATIONAL LIMITED will be held on Thursday, 15th July 1999, 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, 1999.
2. To declare dividend.
3. To appoint a Director in place of Shri Manhar R. Bhansali, 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 the provisions of Section 198, 269, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment and payment of remuneration to Shri Vimal N. Sedani, Whole-Time Director, for a period of five years with effect from 1st January 1999, as detailed hereunder :

PART A

- 1) Basic Salary Rs. 37,500/- per month
RESOLVED FURTHER THAT the entitlement of Shri Vimal N. Sedani, Whole-Time Director, to usual benefits such as Bonus, Gratuity (subject to a ceiling of Rs. 1,00,000/-), Privilege Leave, etc. are also approved.

FURTHER RESOLVED THAT commission out of net profit as computed under the Companies Act, 1956 subject to ceiling prescribed under the Companies Act to Working Directors, of such amount and in such proportion as may be approved by the Board of Directors from time to time.

FURTHER RESOLVED THAT subject to ceiling fixed under Schedule XIII of the Companies Act, 1956 and amendment made thereto, the Board of Directors, may from time to time increase the salary, perquisites, allowances and provide the commission in such ratio among the Working Directors, the aggregate of the same for all the Working Directors taken together shall not exceed Rs. 200 Lacs subject to the limit of 10% of the profit of the Company calculated in accordance with Section 198 and 309 of the Companies Act, 1956.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any year, the salary payable to the Working Directors shall be governed by Part II of Schedule XIII of the Companies Act, 1956, or any statutory modification thereto."

For and on behalf of the Board

MANHAR R. BHANSALI
Chairman

Place : Mumbai

Date : 31st May 1999

Regd. Office.

Gems & Jewellery Complex,

Seepz, Andheri (E),

Mumbai - 400 096.

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, however, be deposited at the Company's Registered Office not less than 48 hours before the commencement of the meeting .

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- 3) An Explanatory Statement 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 Thursday, 1st July 1999 to Thursday, 15th July 1999 (both days inclusive).
- 5) Dividend on shares as recommended by the Board, if sanctioned at the Meeting, shall be paid to those Members whose names appear on the Register of Members of the Company as on 15th July, 1999.
- 6) Members are requested to furnish particulars relating to Saving/Current Bank Account Number and the name of the Bank with whom such account is held to enable the Company to print the said details in the Dividend Warrant after the name of the payee to ensure against their misappropriation.
- 7) Members are requested to notify to the Registrar at the address as mentioned above the changes, if any, in the address in full with the postal area Pin Code Number quoting their Folio Number.
- 8) Members desiring 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) The Company has transferred on 16th October, 1998, the unclaimed dividend pertaining to the financial year ended 31st March, 1995 which was declared at the Annual General Meeting held on 31st August, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE DATED 31ST MAY 1999 :

Item No. 6

Mr. Vimal N. Sedani has been re-appointed as a Whole-Time Director by the Board of Directors by a Resolution passed at the Board Meeting effective from 1st January 1999 at the same remuneration.

Mr. Vimal N. Sedani has wide and rich experience in the field of Diamonds and Jewellery. The Board of Directors considering his experience and ability, recommends the re-appointment of Mr. Vimal N. Sedani as a Whole-Time Director for a period of five years. His terms of appointment are set out below.

The remuneration (salary and perquisites) payable to Mr. Vimal N. Sedani is as follows :

PART A

- 1) Basic Salary : Rs. 37,500/- per month.

Plus usual benefits such as Bonus, Gratuity (subject to a ceiling of Rs. 1,00,000/-), Privilege Leave, etc. as available to other Executives of the Company.

Commission : As per the terms of remuneration given in the Resolution.

This explanatory statement together with the accompanying Notice may be treated as an abstract of the terms and conditions of service of Mr. Vimal N. Sedani and Memorandum of Interest under Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Vimal N. Sedani 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 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

Place : Mumbai
Date : 31st May 1999

Manhar R. Bhansali
Chairman

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the Twelfth Annual Report on the affairs of the Company together with Audited Statement of Accounts for the year ended 31st March 1999.

(Rupees in Lacs)

FINANCIAL RESULTS

| | Year ended 31.03.1999 | Year ended 31.03.1998 |
|--|--------------------------|--------------------------|
| Sales for the year | 8130.66 | 6018.60 |
| Inter Department Transfer | 58.91 | 169.83 |
| | <u>8189.57</u> | <u>6188.43</u> |
| Profit before Interest, Depreciation and Taxation | 1297.93 | 729.65 |
| Less : Interest | 39.30 | 43.65 |
| Operating Profit before Depreciation | 1258.63 | 686.00 |
| Less : Depreciation | 97.50 | 102.37 |
| Profit before Taxation | 1161.13 | 583.63 |
| Provision for Taxation | 15.27 | 2.44 |
| Short /(Excess) | | |
| Provision for Taxation Written Off /Written Back | 1.02 | (0.15) |
| Profit after Taxation | 1144.84 | 581.34 |
| Add: Balance brought forward | 276.57 | 169.74 |
| Profit available for Appropriation | <u>1421.41</u> | <u>751.08</u> |

DIVIDEND

The operating profit for the year has improved over previous year. Hence, your Directors are pleased to recommend a higher Dividend @ 27% on Equity Shares for the year ended 31st March, 1999 against 24% for the previous year.

OPERATIONS

The turnover for the year under review increased from Rs. 6018.60 Lacs in the previous year to Rs. 8130.66 Lacs registering a growth of 35.09% due to good reputation enjoyed by the Company in International Market. The Net Profit after tax registered a growth of 96.93%, primarily due to saving in interest cost.

The Company intends to manufacture Platinum Jewellery which enjoys good demand in International Market and has the benefit of better returns.

AUDITORS' REPORT

With regard to qualification for the non-provisions of gratuity and leave encashment benefit on retirement, the gratuity and leave encashment are charged to

revenue account on the basis of actual payment.

PARTICULARS OF EMPLOYEES

Particulars of employees within the meaning 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 given in the Annexure forming part of this report.

DIRECTORS

As per article 118 of the Articles of Association of the Company, Shri Manhar R. Bhansali and Shri Chandresh A. Mehta, Directors, will retire by rotation and being eligible offer themselves for re-appointment.

Shri Vimal N. Sedani has been re-appointed as Whole-Time Director with effect from 1st January, 1999. The Board recommends his re-appointment and payment of remuneration.

AUDITORS

M/s. H. S. GANDHI & CO., Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

Y2K COMPLIANCE

The Company has taken adequate steps to ensure that all critical equipment, processes and systems are Y2K compliant. It has also developed contingency plans to minimise the risk of disruption. The cost to the Company on this account is not expected to have any material financial impact.

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

The Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, require that the information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo be stated in the Directors' report.

A. CONSERVATION OF ENERGY

The particulars regarding conservation of energy are not applicable to the Company as the Gems and Jewellery Industry is not covered by the Schedule prescribed by the said Rules.

B. TECHNOLOGY ABSORPTION

The particulars regarding absorption of technology are given as per the Form B of the Companies (Disclosures of the Particulars in the Report of Board of Directors) Rules, 1988.

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FORM 'B'

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R & D).

- | | |
|---|---|
| 1) Specific areas in which R & D is carried out by the Company. | Manufacture of Jewellery as per International Standards in the area in which General Research and Development work is carried out by the Company. |
| 2) Benefits derived as a result of the above R & D. | In the Jewellery business, there will be a potential for increase in sales due to the above activities. |
| 3) Future Plans of Action. | The Company is planning to manufacture Platinum Jewellery which has growing demand in International Market. |
| 4) Expenditure on R&D. | |
| a) Capital |) |
| b) Recurring |) Included in the |
| c) Total |) Manufacturing cost |
| d) Total R & D expenditure as a total turnover. |)) |

Technology absorption, adaptation and innovation.

- | | |
|---|---|
| (1) Efforts in brief made towards absorption, adaptation and innovation. | With the introduction of Invisual Setting in Diamond Jewellery and import of Princess Cut Diamond Grooving Machine, the Company has enhanced its export and value addition this year. |
| (2) Benefit 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 higher profitability and cost reduction, |
| (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 not imported any technology since its formation.) |
| d) If it is fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. |))) |

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 a 38.43 % growth in exports during the current year 1998-99 with Export turnover of Rs. 8032.21 lacs as compared to Rs. 5802.27 lacs in 1997-98.

Total Foreign Exchange used : Rs. 28,33,10,931/-

Total Foreign Exchange earned: Rs. 80,32,21,129/-

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ACKNOWLEDGEMENT

The Directors take this opportunity to place on record their appreciation and sincere gratitude to Indian Government, State Government, Seepz authority, the Bankers for their valuable assistance and look forward to their continued co-operation.

Your Directors acknowledge and thank the employees and the Unions for the support and co-operation received, without which the performance of the Company would not have improved remarkably.

For and on behalf of the Board

Place : Mumbai
Dated : 31st May 1999

Manhar R. Bhansali
Chairman

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A)(a)

| Sr. No. | Name | Designation & Nature of Duties | Remuner-ation (Rs.) | Qualifi-cation | Age | Exper-ience Years | Date of Commen- cement of Empl-oyment. | Particulars of last Employment |
|---------|-------------------------|--------------------------------|---------------------|----------------|-----|-------------------|--|--------------------------------|
| 1. | Mr. Rashesh M. Bhansali | Managing Director | 6184934 | T.Y.B.Com. | 31 | 13 | 01.09.1988 | — |
| 2. | Mr. Chandresh A. Mehta | Whole-Time Director | 1236987 | F.Y.B.Com. | 30 | 8 | 01.02.1991 | — |
| 3. | Mr. Vimal N. Sedani | Whole-Time Director | 1236987 | B.Com. | 29 | 5 | 01.01.1994 | — |

Notes :

1. No Director is Related to any other Director, except Mr. Rashesh M. Bhansali, Managing Director, who is the son of Mr. Manhar R. Bhansali, Chairman of the Company.
2. Gross Remuneration includes Salary, Ex-Gratia Payment, Taxable Value of Perquisites and Commission.
3. The appointment of Managing Director and Whole-Time Directors is contractual.