

Annual Report

2003-2004



**Goldiam
International
Limited**

MANUFACTURERS & EXPORTERS OF DIAMONDS & JEWELLERY

Goldiam International Limited

BOARD OF DIRECTORS

| | |
|---------------------|------------------------------|
| MANHAR R. BHANSALI | Chairman & Mg. Director |
| RASHESH M. BHANSALI | Vice-Chairman & Mg. Director |
| AJAY M. KHATLAWALA | Director |
| RAJESH G. KAPADIA | Director |
| Dr. R. SRINIVASAN | Director |
| V. N. Nadkarni | Director |

SECRETARY

M. K. VARMA

AUDITORS

PULINDRA PATEL & CO.,
Chartered Accountants

BANKERS

Hongkong & Shanghai Banking Corpn.Ltd.
Punjab National Bank
Bank of India
ABN AMRO Bank NV

REGISTERED OFFICE

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

BRANCH OFFICE

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

REGISTRARS AND TRANSFER AGENTS

M/s. Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai - 400 078.
Tel. Nos. : 55555357
Fax : 55555353 • Email : isrl@intimespectrum.com

Branch at :

202, Daver House
D. N. Road, Mumbai - 400 001.
Tel.: 22694127

LISTING

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

DEMAT DETAILS

ISIN : INE025B01017

SEVENTEENTH ANNUAL GENERAL MEETING

will be held on Friday, 30th July, 2004, at 4.00 p.m. at
Banquet Hall, 'Tribune 1', 6th Floor, Hotel Tunga
International, MIDC Central Road, Andheri (East)
Mumbai - 400 093.

CONTENTS

| | |
|--|----|
| Notice | 1 |
| Directors' Report | 3 |
| Report on Corporate Governance | 6 |
| Auditors' Report | 11 |
| Balance Sheet | 14 |
| Profit and Loss Account | 15 |
| Schedules | 16 |
| Notes on Account | 22 |
| Cash Flow Statement | 29 |
| Statement relating to Subsidiary Company | 30 |
| Auditors' Report on Consolidated Account | 31 |
| Consolidated Balance Sheet | 32 |
| Consolidated Profit & Loss Account | 33 |
| Schedules to Consolidated Account | 34 |
| Consolidated Cash Flow Statement | 41 |
| Annual Accounts of the Subsidiary | 42 |
| Attendance Slip & Proxy Form | |

Annual Report 2003-2004

Notice

NOTICE is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the Members of GOLDIAM INTERNATIONAL LIMITED will be held on 30th July, 2004, at 4.00 p.m. at Banquet Hall 'Tribune 1', 6th Floor, Hotel Tunga International, MIDC Central Road, Andheri (East), Mumbai- 400 093, 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, 2004.
2. To declare dividend on equity shares for the year ended on 31st March, 2004.
3. To appoint a Director in place of Shri V. N. Nadkarni, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. R. Srinivasan, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Pulindra Patel & 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 pass 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 of the said Act, consent of the Company be and is hereby accorded to increase the remuneration of the Vice Chairman and Managing Director Shri Rashesh M. Bhansali, to Rs.5,00,000.00 per month with effect from 1st April, 2004 for the remainder of his appointment approved by the members at the Annual General Meeting held on 3rd August, 2001, the other terms and conditions remaining unchanged.

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 I of Part II of Schedule XIII

to the Companies Act, 1956 or any statutory modifications thereto."

By Order of the Board

PLACE: MUMBAI

DATED: 10th May, 2004

M. K. V. VARMA

Company Secretary

Registered Office:

Gems & Jewellery Complex,
Seepz, (SEZ), 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, be deposited at the Company's Registered Office not less than 48 hours before the commencement of the meeting.
- 3) The dividend as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid to those members whose names appear on the Company's Register of Members, as on 30th July, 2004. In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- 4) The Register of Members and Share Transfer Books will remain closed from 16th July, 2004 to 30th July, 2004 (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 dematerialised form are requested to inform their client ID and DP ID numbers for easier identification for 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 14 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

Goldiam International Limited

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, 'EVEREST', 100, Marine Lines, Mumbai by submitting an application in the prescribed form;
 - (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 such claims by the Fund. Accordingly the unpaid dividend amount for the year ended on 31.3.1996 has been transferred to the Fund on 14.10.2003. The unpaid dividend amount for the year ended on 31.3.1997 will be transferred after 10th September, 2004.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 10th May, 2004.

Approval has been given by the members at the Annual

General Meeting held on 03.08.2001 for reappointment of Shri Rashesh M. Bhansali as the Managing Director as per the terms and conditions detailed therein. The Board of Directors at their meeting held on 10th May, 2004 decided to increase his remuneration to Rs. 5,00,000.00 with effect from 1.4.2004 in view of overall increase in the operations of the Company, within the total limits as specified in Schedule XIII to the Companies Act, 1956. In addition to the Salary mentioned above he is entitled to usual benefits such as Gratuity, Privilege Leave, and commission out of net profits as computed and subject to such ceiling prescribed as per the provisions of the Companies Act, 1956 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 telephone at residence for office use, as per the provisions contained in Schedule XIII of 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. He is a Director of Diagold Designs Ltd and Cupid Diamonds Pvt. Ltd. The Board of Directors recommends the approval of members to the resolution.

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

Documents for inspection:

The documents referred to in the Notice 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
DATED: 10th May, 2004

M. K. V. VARMA
Company Secretary

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

*Annual Report 2003-2004***Directors' Report**

Dear Members,

Your Directors have pleasure in presenting this Seventeenth Annual Report on the affairs of the Company together with the Audited Statements of Accounts for the year ended on 31st March, 2004.

FINANCIAL RESULTS

(Rupees in Lacs)

| | Year ended 31.3.2004 | Year ended 31.3.2003 |
|--|-------------------------|-------------------------|
| Sales for the year | 17836.81 | 13724.42 |
| Profit before Interest, depreciation & taxation | 2015.25 | 1661.90 |
| Less Interest: | — | — |
| Operating profit before depreciation & taxation | 2015.25 | 1661.90 |
| Less: Depreciation | 111.94 | 113.22 |
| Profit before taxation | 1903.31 | 1548.68 |
| Income relating to previous year | 0.01 | — |
| Provision for taxation | (36.72) | (84.11) |
| Provision for taxation written off/written back | 2.60 | 3.66 |
| Profit after taxation | 1869.20 | 1468.23 |
| Add: Balance brought forward | 3670.49 | 2925.90 |
| Profit available for appropriation | 5539.69 | 4394.13 |

DIVIDEND:

The Board considering the payment of interim dividend @ Rs. 2.00 per share (20%) has decided to recommend final dividend @ Rs. 2.00 per share (20 %), thus giving a total dividend of Rs. 4.00 per share (40 %) for the year under report.

OPERATIONS:

The turnover for the year under review reached Rs 17836.81 lacs. The net profit after provision for interest, depreciation and taxation is Rs. 1869.20 lacs compared to previous year's profit of Rs. 1468.23 lacs.

SUBSIDIARY COMPANY:

The Company has acquired further 589800 equity

shares of M/s Diagold Designs Ltd., a company promoted and set up by your Company for manufacturing and marketing of Jewellery outside the Seepz enhancing the holding to 50.99 percent of the paid up share capital of M/s Diagold Designs Ltd., making it a subsidiary of your Company. As per the provisions of Section 212 of the Companies Act, 1956 a copy each of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Company are attached with the Annual Accounts of the Company. Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India Consolidated Financial Statement is also attached. The subsidiary has achieved export turnover of Rs. 44,44,78,498.00 and earned net profit after tax of Rs. 1,16,56,421.00 during the year.

DELISTING OF SHARES:

The members at the last Annual General Meeting had approved the proposal of the Board to have the equity shares of the Company delisted from Ahmedabad, Delhi and Jaipur Stock Exchanges as there was no transaction of the shares of the Company in these exchanges. The Company has accordingly made applications to the three exchanges and have got the shares delisted from Ahmedabad and Jaipur exchanges, while Delhi Stock Exchange has not disposed the application yet.

DEMATERIALISATION:

More than 92% of the Shares of the Company have now been dematerialised. Your Directors would request all the members who have not yet got their holdings dematerialised to do so to enable easy trading of the shares, as the shares of the Company are notified by SEBI for compulsory trading in the dematerialised form.

DIRECTORS:

As per Article 118 of the Articles of Association of the Company, Shri V. N. Nadkarni and Dr. R. Srinivasan, Directors of the Company will retire by rotation and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment.

Your Directors, in view of the overall increase in operations, have decided to increase the monthly remuneration of the Vice Chairman & Managing

Goldiam International Limited

Director Shri Ramesh M. Bhansali to Rs. 5,00,000.00

with effect from 1st April, 2004 and recommend approval of the members for the increase.

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, 2004, 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, 2004 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.

(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 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.

C. 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 growth in exports during the current year 2003-2004 with Export Turnover of Rs.17836.81 lacs as compared to Rs. 13724.42 lacs in the previous year, 2002-2003.

Total Foreign Exchange used : Rs. 567,918,536.00

Total Foreign Exchange earned : Rs. 1,793,447,714.00

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 (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 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

MANHAR R. BHANSALI
Chairman

Place: Mumbai
Dated: 10th May, 2004

Annual Report 2003-2004

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

1) Specific areas in which R&D is carried out by the Company

The Company is always looking at newer technologies to manufacture diamond studded gold jewellery, fusion between lost wax casting process + stamping + jewellery. This type of jewellery is now very appealing in the international markets. The Company has started Metal Moulds Technology for production of Jewellery.

2) Benefits derived as a result of the above R & D

From the above fusion the Company has achieved a much higher volume of sales and hopes to achieve better margins in the coming years. It also gives our customers the leading edge over their competitors as this type of Jewellery is not produced by all.

3) Future Plans of Action

The Company is looking for further acquisitions in order to enhance capacity and augment sales.

4) Expenditure on R & D

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

Capital, Recurring, NIL
Total R & D Expenditure: N.A

as % to total turnover

Technology absorption, adaptation and innovation:

1) Efforts, in brief, made towards absorption, adaptation and innovation:

With the introduction of Invisible Setting in Diamond Studded Jewellery, Princess Cut Diamond Grooving Machinery and the adoption of Metal Moulds Technology, the Company has enhanced its export potential and value addition.

2) Benefit derived as a result of the above efforts. e.g. Product improvement, cost reduction, product development, import substitution, etc.

The benefit is being reflected in the areas of competitiveness and higher turnover.

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 not imported |
| b) Year of Import, |) any Technology |
| |) since its |
| |) formation. |
| c) Has Technology been |) fully absorbed, and |
| d) If it is not fully |) absorbed, areas |
| |) where this has |
| |) not taken place, |
| |) reasons therefor |
| |) and future |
| |) plans of action. |

ANNEXURE – II**PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A)(a)**

| Sr. No. | Name | Designation | Remuneration (Rupees) | Qualification | Age | Experience Years | Date of Commencement of Employment | Particulars of last Employment |
|---------|--------------------------|------------------------------|--------------------------|---------------|-----|---------------------|------------------------------------|--------------------------------|
| 1. | Shri Manhar R. Bhansali | Chairman & Mg. Director | Rs.95,65,587.00/- | Int.Com. | 62 | 38 | 24.01.2001 | — |
| 2. | Shri Rashesh M. Bhansali | Vice-Chairman & Mg. Director | Rs.98,05,588.00/- | T.Y.B.Com. | 36 | 18 | 01.09.1988 | — |

Notes:

- No Director is related to any other Director, except Shri Manhar R. Bhansali, Chairman & Managing Director and Shri Rashesh M. Bhansali, Vice Chairman & Managing Director, as father and son.
- Gross Remuneration includes Salary, Ex-Gratia Payment, Taxable Value of Perquisites and Commission.
- The appointments of the Chairman & Managing Director and Vice Chairman & Managing Director are contractual.
- None of the employees employed for part of the year was drawing remuneration of Rs.2,00,000/- or more per month.

Goldiam International Limited

Report on Corporate Governance

Your Directors are pleased to submit their report on the Corporate Governance of the Company for the Financial Year 2003-2004.

COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:

Goldiam benchmarks its Corporate Governance with the prevalent practices and it conforms to the mandatory requirements.

MANAGEMENT DISCUSSION:

The Jewellery has an ever increasing market abroad and the Company with its manufacturing facility comparable to international standards has been able to capture a reasonable portion of the same. While opportunities are abundant, political uncertainty could affect this industry most. The Company has only one division, manufacturing and exporting of jewellery. The Company is expecting a reasonable increase in its exports as in the past; but, as stated earlier, any event affecting the international market sentiments could affect the jewellery industry also. The diminution in value of the US \$ has affected the profitability of the Company, and the Company is entering into forward booking contracts to nullify or at least reduce the effect of this.

The Company has an inbuilt internal control system and the management considers it sufficient; and is certified by the Internal Auditors and the Statutory Auditors of the Company.

The Company has a track record of increasing operations resulting in better financial performance. With the current trend, the management is hopeful of still better performance in the years to come.

The Company is having very low labour turnover and is having cordial industrial relations. There are no financial or commercial transactions having a potential conflict of interest between personnel in the management and the company.

BOARD OF DIRECTORS:

Composition and category of Directors as of 31.03.2004

| | | | |
|----|-------------------------------------|----------|-------------|
| 1) | Promoter Executive Directors | 2 | 33% |
| 2) | Non-executive/Independent Directors | 4 | 67% |
| | | <u>6</u> | <u>100%</u> |

Attendance of each Director at the Board meetings held during the year ended 31.03.2004 and the last AGM:

| Director | No. of Board Meetings held | No. of Board Meetings attended | Last AGM YES/NO |
|--------------------------|----------------------------|--------------------------------|-----------------|
| Shri Manhar R. Bhansali | 5 | 4 | YES |
| Shri Rashesh M. Bhansali | 5 | 5 | YES- |
| Shri Rajesh G. Kapadia | 5 | 5 | YES |
| Shri Ajay M. Khatlawala | 5 | 4 | YES |
| Shri V. N. Nadkarni | 5 | 5 | YES |
| Dr. R. Srinivasan | 5 | 3 | YES |

*Annual Report 2003-2004***Brief profile of Director seeking re-election :**

Shri V.N.Nadkarni was the Chairman of the State Bank of India and is presently associated with various Companies as Director and Consultant. He was director of IDBI, IFCI, IRBI, Exim Bank UTI, NABARD, etc. and he is having wide experience in the field of Banking and Finance. He was the Chairman of the Indian Advisory Board of the Standard Chartered Bank. He is at present Director of Clariant (India) Ltd., Vajra Granites Ltd., Rallis India Ltd., Indo Gulf Corpn. Ltd., RPG Telecom Ltd., Schrader Duncan Ltd., Borrosil Glass Works Ltd., Central India Polyester Ltd. and Monotona Exports Ltd.

Dr. R. Srinivasan was the Chairman of Bank of India and is presently associated with various companies as Director and Consultant. As the Chairman of Bank of India he was responsible for the formation of Bank of India Shareholding Limited; as also the entry of the Bank to Credit Card system. He was associated with Indian and International Banks and Financial Institutions as Chairman, Vice-Chairman, and Director. He is Director of Beeyu Overseas Ltd., Eveready Industries India Ltd., Elder Pharmaceuticals Ltd., Graphite India Ltd., J.M.Capital Management Pvt. Ltd., HiTech Pharmaceuticals Pvt. Ltd. and StorePerform Technologies India Pvt. Ltd.

Details of Directors and their directorships in other public limited Companies :

| Name of Director | No. of Directorships | No. of Committee memberships |
|--------------------------|----------------------|------------------------------|
| Shri Manhar R. Bhansali | 1 | Nil |
| Shri Rashesh M. Bhansali | 1 | Nil |
| Shri Rajesh G. Kapadia | 6 | 9 |
| Shri Ajay M. Khatlawala | Nil | Nil |
| Shri V. N. Nadkarni | 9 | 9 |
| Dr. R. Srinivasan | 4 | 7 |

Committees :

| | |
|--------------------------|---|
| Shri Rajesh Kapadia | Chairman, Audit Committee |
| Shri Ajay Khatlawala | Chairman Shareholder/Investor Grievance Committee and Member, Audit Committee |
| Shri Manhar R. Bhansali | Member, Shareholder/Investor Grievance Committee and Share Transfer Committee |
| Shri Rashesh M. Bhansali | Member, Shareholder/Investor Grievance Committee and Share Transfer Committee |
| Shri V. N. Nadkarni | Member, Audit Committee |
| Dr. R. Srinivasan | Member, Audit Committee |

BOARD MEETINGS HELD:

Five Board meetings were held during the year on 12th May, 2003, 25th July, 2003, 30th October, 2003, 9th December, 2003 and 23rd January, 2004.

AUDIT COMMITTEE:

The Audit Committee met on 12th May, 2003, 30th October, 2003 and 23rd January 2004. The Audit Committee oversees the general accounting practices and other management policies. The meeting held on 12th May, 2003 reviewed the Annual Accounts of the Company for the year 2002-03 and approved the same. The other two meetings reviewed and approved the 1st half yearly and 3rd quarterly results respectively.

Goldiam International Limited

DETAILS OF REMUNERATION TO THE DIRECTORS IN 2003-04:

(Amount in Rs.)

| Name | Salary | Bonus | Other perks | Commission | Sitting Fee | Total |
|--------------------------|---------|-------|-------------|------------|-------------|---------|
| Shri Manhar R. Bhansali | Nil | Nil | 137739 | 9427848 | Nil | 9565587 |
| Shri Rashesh M. Bhansali | 1800000 | Nil | 346647 | 7658941 | Nil | 9805588 |
| Shri Rajesh G. Kapadia | Nil | Nil | Nil | Nil | 31000 | 31000 |
| Shri Ajay M. Khatlawala | Nil | Nil | Nil | Nil | 26000 | 26000 |
| Shri V. N.Nadkarni | Nil | Nil | Nil | Nil | 31000 | 31000 |
| Dr. R. Srinivasan | Nil | Nil | Nil | Nil | 17000 | 17000 |

Commission payable is linked to the performance of the Company while other items are fixed.

SHARE TRANSFER COMMITTEE/INVESTOR GRIEVANCE COMMITTEE:

The Board has constituted the Share Transfer Committee, with the two Executive Directors as members, to consider and approve Transfers of shares in the physical form and allied matters. The Shareholder / Investor Grievance Committee has been constituted under the Chairmanship of Shri Ajay M. Khatlawala with Shri Manhar R. Bhansali and Shri Rashesh M. Bhansali as members.

SHAREHOLDER/INVESTOR SERVICE:

Is handled by the Company Secretary who provides timely services. There was only one case / complaint unresolved, the shareholder having refused to complete the legal formalities and provide required documents, and the company has decided to treat the complaint as closed.

NAME & DESIGNATION OF THE COMPLIANCE OFFICER:

Shri M. K. Varma, Company Secretary

GENERAL BODY MEETINGS :

| Year | Date | Venue |
|-----------|------------|--|
| 2000-2001 | 03.08.2001 | Vishal Hall, Vishal Shopping Centre, Andheri-Kurla Road, Andheri (East), MUMBAI - 400 069. |
| 2001-2002 | 19.07.2002 | Banquet Hall, 'Tribune-1', 6 th Floor, Hotel Tunga |
| 2002-2003 | 25.07.2003 | International, MIDC Central Road, Andheri (East), Mumbai - 400 093. |

The Company has conducted postal ballot during the year, for decision on delisting of the shares from the three Stock Exchanges of Ahmedabad, Delhi and Jaipur as directed by one of the Exchanges. The Resolution was carried with overwhelming majority; of the 107 valid responses 105 shareholders holding 7168795 shares voting in favour of the resolution and only 2 shareholders holding 220 shares voting against the same. Shri Rajnikant N. Shah, Proprietor of M/s R.N.Shah & Associates, Company Secretaries conducted the Postal Ballot process.

DISCLOSURES:

There is no materially significant related party transaction excepting Rs.19,500.00 made to M/s Little & Co., Advocates and Solicitors a firm in which Shri Ajay M. Khatlawala is a Partner.

Other related party commercial transactions are reported in the accounting part of this report.