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GOLKUNDA

Diamonds & Jewellery Ltd.

16TH ANNUAL REPORT 2005-2006

**GOLKUNDA DIAMONDS & JEWELLERY LIMITED****REGISTERED OFFICE**

G-30, Gems & Jewellery, Complex - III,
SEEPZ, Andheri (East), Mumbai - 400 096.

BOARD OF DIRECTORS

Kanti Kumar Dadha	(Chairman & Managing Director)
Karan Singh Baid	(Whole Time Director)
Arvind Dadha	(Whole Time Director)
B. K. Ashok	(Professional / Independent Director)
Mahesh Kumar Dadha	(Independent Director)
Gautam Chand Dadha	(Independent Director)

BANKERS

State Bank of Indore.
Bank of India.
UTI Bank

AUDITORS

M/s. A. J. Baliya & Associates.
Chartered Accountants
Mumbai.

WORKS

G-30, Gems & Jewellery Complex - III,
SEEPZ, Andheri (East), Mumbai - 400 096.

307 / 308, Kapadia Industrial Estate,
Andheri Kurla Road, Chakala,
Andheri (East) Mumbai- 400 093.

DEMATERIALIZATION OF SECURITIES

ISIN-INE798D1015

WEBSITE

www.golkunda.com



NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of GOKUNDA DIAMONDS & JEWELLERY LIMITED, will be held at "Banquet Hall", Matoshri Art & Sport Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai - 400 093 on 28th, September, 2006 at 2.30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date together with report of the Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Shri Mahesh Kumar Dadha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Gautam Chand Dadha, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT subject to provisions of Section 269, 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 consent of the members be and is hereby accorded for re-appointment of and payment of remuneration to Shri. Kanti Kumar Dadha as a Chairman and Managing Director of the Company up to 30th September, 2009 w.e.f. 30th October, 2005 on terms and conditions as contained in the letter of Appointment and as contained therein and reproduced in the explanatory Statement attached to the notice.

FURTHER RESOLVED THAT in the absence of any profit or inadequacy of profit in any financial year during the tenure of appointment, the remuneration payable to the aforesaid appointee shall be as per the limits prescribed in the Schedule XIII to the Companies Act, 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time of the Companies Act, 1956 or as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration.

- (a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the

Income Tax Act, 1961,

- (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (a) encashment of leave at the end of the tenure. The appointment can be terminated by either party by giving 3 months notice."
6. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT subject to provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the members be & is hereby accorded for increase in Payment of remuneration to Shri. Karan Singh Baid, Whole Time Director w.e.f. 1st October, 2005 for remaining period of tenure of his appointment i.e. up to 10th November, 2008 on terms and conditions as contained in the letter of Appointment and as contained here in and reproduced in the explanatory Statement attached to the notice.

FURTHER RESOLVED THAT in the absence of any profit or inadequacy of profit in any financial year during the tenure of appointment, the remuneration payable to the aforesaid appointee shall be as per the limits prescribed in the Schedule XIII to the Companies Act, 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time of the Companies Act, 1956 or as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration.

- (a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,
- (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

The appointment can be terminated by either party by giving 3 months notice."

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

"RESOLVED THAT subject to provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of



the Companies Act, 1956 the consent of the members be & is hereby accorded for increase in Payment of remuneration to Shri. Arvind Kumar Dadha, Whole Time Director w.e.f. 1st October, 2005 for remaining period of tenure of his appointment i.e. up to 30th September, 2009 on as contained in the letter of Appointment and terms & conditions as contained here in and reproduced in the explanatory Statement attached to the notice.

FURTHER RESOLVED THAT in the absence of any profit or inadequacy of profit in any financial year during the tenure of appointment, the remuneration payable to the aforesaid appointee shall be as per the limits prescribed in the Schedule XIII to the Companies Act, 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time of the Companies Act, 1956 or as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration.

- (a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,
- (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

The appointment can be terminated by either party by giving 3 months notice."

8. To consider and, if thought fit, to pass with or without modifications, the following Resolution as Special Resolution.

"RESOLVED that pursuant to provisions of Sections 314(IB) and other applicable provisions of the Companies Act, 1956 read with the Directors Relatives (Office or Place of Profit) Rules, 2003, consent of the Members of the Company be and is hereby accorded to Mr. Ashish Dadha (relative of Mr. Kanti Kumar Dadha & Mr. Arvind Dadha), to hold and continue to hold an office or place of profit in the Company as Senior Executive, Finance w.e.f 1st April, 2006 on monthly salary as may be decided by the Board not exceeding 50,000/- (Gross including all the perquisites, allowances and benefit received from the Company) including payment of such other perquisites and allowances as applicable to the other employees of the Company."

REGISTERED OFFICE :

on behalf of
G-30, Gems & Jewellery Complex III,
THE BOARD OF DIRECTORS.
SEEPZ, Andheri (East),
Bombay-400 096.

By and

Dated : 30th June, 2006

KANTI KUMAR DADHA
(Chairman & Managing

NOTES:

- (a) A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself / herself and that proxy need not be a member of the Company.

Proxy form duly completed must reach the Registered Office of the Company not less than 48 hours before the meeting.

- (b) Explanatory statement as required by Section 173(2) of the Companies Act, 1956 in respect of the business under item No. 5 to 8 as set out above is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will be closed from 25.09.2006 to 28.09.2006 (both days inclusive).
- (d) Members are requested to bring their attendance slip duly filled in for attending the meeting.
- (e) Members are requested to notify changes, if any, in their registered address immediately at the Company's Registered Office.
- (f) The Company has code of conduct for all Board Members and Senior Management of the Company and are duly following the terms of the code in letter and in spirit.

EXPLANATORY STATEMENT U/s. 173 (2) OF THE COMPANIES ACT, 1956

Item no. 5.

Having regards to the knowledge and experience in the Diamonds, Gems & Jewellery Business possessed by Shri Kanti Kumar Dadha, and his commendable knowledge of the markets in USA, Europe and Far East and the likely growth of the business of the Company under his able guidance & supervision, it is proposed, subject to approval of members in General Meeting to re-appoint him as a Chairman and Managing Director of the Company and payment of remuneration under Section 269, 198, 309 & other applicable provisions, if any of the Companies Act, 1956 as per following detail:



1. Remuneration: Not exceeding Rs. 1,00,000/- Per Month.

2. Mr. Kanti Kumar Dadha shall also be entitled for Performance Bonus and/ or Commission and / or Ex-gratia, if any as may be recommended by the remuneration Committee and within the ceiling limit authorized by the provisions of the Companies Act, 1956 viz. Section 309, 311, 198 or Schedule XIII.

3. Perquisites: Shri. Kanti Kumar Dadha shall be entitled for the perquisites and allowances in addition to the remuneration mentioned herein above which shall be restricted to an amount equal to the annual salary and the same shall be as hereinafter provided;

PART "A"

(i) Housing: The Company shall provide unfurnished accommodation to the Managing Director. If no accommodation is provided, House Rent Allowance @ not exceeding 60% of monthly salary or as per Companies Rule as applicable to other employee whichever is more shall be payable to the Managing Director and he is also eligible for reimbursement of expenses/ allowances for utilisation of gas, electricity, water & the same will be valued as per Income Tax Rule 1962.

(ii) Medical Reimbursement: The Reimbursement of medical expenses incurred by the Managing Director for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.

(iii) Leave Travel Concession: Leave Travel Concession for the Managing Director and his family in a year in accordance with the Rules & Regulation of the Company.

(iv) Personal Accident Insurance: Personal Accident Insurance of an amount of the annual premium of which does not exceed one month salary or Rs. 15,000/- per annum whichever is lower.

(v) Club Fees: Fees of Club subject to a maximum of two Clubs excluding Admission and Life Membership fees to the Whole Time Director.

PART "B"

(i) Companies Contribution to Provident & Other Fund: Companies Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

(ii) Gratuity: Gratuity payable at a rate not exceeding half a month's salary for each completed year of services.

(iii) Leave Encashment: Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

PART "C"

(i) Car: The Company shall provide Car with driver while on service.

(ii) Telephone: Telephone facility at the residence of the Shri. Kanti Kumar Dadha for use of company's business. Reimbursement of telephone bills at residence and Mobile Phone with the condition that personal long distance calls should be logged and paid by him.

(iii) Leave: Leave on full pay and allowance at the rate of one month for every eleven months of service.

and all other benefits, perquisites and amenities in accordance with rules of the company and as agreed by the Board of Directors subject to overall ceiling prescribed under Section 198, 309 Schedule XIII and other applicable provisions as may be applicable of the Companies Act 1956 unless otherwise approved by the Central Government. The Company shall pay or reimburse the appointee for all the cost, charges, expenses that may be incurred by him for the purpose of the business of the Company.

For the purpose of computing ceiling on perquisites, the same will be valued as per Income Tax Rules, 1962 wherever applicable.

4. Notwithstanding the remuneration payable to Shri. Kanti Kumar Dadha as detailed above, where in any financial year during tenure of office of Shri. Kanti Kumar Dadha the Company has no profits or its profits are inadequate the Company shall pay remuneration to Shri. Kanti Kumar Dadha by way of Salary, allowances, perquisites and other allowance as the case be, such amount not exceeding the limits prescribed in Schedule XIII of the Companies Act, 1956 unless otherwise approved by the Central Government or within such ceiling limits as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration as stated above.

(a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,

(b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

(c) encashment of leave at the end of the tenure.

The appointment can be terminated by either party by giving 3 months notice.

The above may also be treated as an abstract of the terms of appointment of the Whole-time Director as required under Section 302 of the Companies Act, 1956.



The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice. The copy of appointment letter as given to Shri Kati Kumar Dadha will be available for inspection to the members at the Registered Office of the Company between 11.00 A.M and 1.00 P.M. on any working day.

None of the Directors except Shri. Kanti Kumar Dadha himself & Mr. Arvind Kanti kumar Dadha, deemed to be concerned or interested in the above resolution.

The Board recommends passing of the resolution by the members.

Item no. 6.

Having regards to the knowledge and experience in the Diamonds & Jewellery Manufacturing Business possessed by Shri Karan Singh Baid, and his contribution in the manufacturing and Human Development Functions and the likely growth of the business of the Company under his able guidance & supervision, it is proposed, subject to approval of members in General Meeting to increase the payment of remuneration to Shri. Karan Singh Baid, Whole Time Director of the Company under Section 269, 198, 309 & other applicable provisions, if any of the Companies Act, 1956 as per following detail:

1. Remuneration: Not exceeding Rs. 1,00,000/- Per Month.

2. Mr. Karan Singh Baid shall also be entitled for Performance Bonus and/ or Commission and / or Ex-gratia, if any as may be recommended by the remuneration Committee and within the ceiling limit authorized by the provisions of the Companies Act, 1956 viz. Section 309, 311, 198 or Schedule XIII.

3. Perquisites: Shri. Karan Singh Baid shall also be entitled for the perquisites and allowances in addition to the remuneration mentioned herein above, which shall be restricted to an amount equal to the annual salary and the same shall be as hereinafter provided;

PART "A"

(i) Housing: The Company shall provide unfurnished accommodation to the Whole Time Director. If no accommodation is provided, House Rent Allowance @ not exceeding 60% of monthly salary or as per Companies Rule as applicable to other employee whichever is more shall be payable to the Whole Time Director and he is also eligible for reimbursement of expenses/allowances for utilisation of gas, electricity, water & the same will be valued as per Income Tax Rule 1962.

(ii) Medical Reimbursement: The Reimbursement of medical expenses incurred by the Whole Time Director for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.

(iii) Leave Travel Concession: Leave Travel Concession for the Whole Time Director and his family in a year in accordance with the Rules & Regulation of the Company.

(iv) Personal Accident Insurance: Personal Accident Insurance of an amount of the annual premium of which does not exceed one month salary or Rs. 15000/- per annum whichever is lower.

(v) Club Fees: Fees of Club subject to a maximum of two Clubs excluding Admission and Life Membership fees to the Whole Time Director.

PART "B"

(i) Companies Contribution to Provident & Other Fund: Companies Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(ii) Gratuity: Gratuity payable at a rate not exceeding half a month's salary for each completed year of services.

(iii) Leave Encashment: Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

PART "C"

(i) Car: The Company shall provide Car with driver while on service.

(ii) Telephone: Telephone facility at the residence of the Shri. Karan Singh Baid for use of company's business. Reimbursement of telephone bills at residence and Mobile Phone with the condition that personal long distance calls should be logged and paid by him.

(iii) Leave: Leave on full pay and allowance at the rate of one month for every eleven months of service.

and all other benefits, perquisites and amenities in accordance with rules of the company and as agreed by the Board of Directors subject to overall ceiling prescribed under Section 198, 309 Schedule XIII and other applicable provisions as may be applicable of the Companies Act 1956 unless otherwise approved by the Central Government. The Company shall pay or reimburse the appointee for all the cost, charges, expenses that may be incurred by him for the purpose of the business of the Company.

For the purpose of computing ceiling on perquisites, the same will be valued as per Income Tax Rules, 1962 wherever applicable.



4. Notwithstanding the remuneration payable to Shri. Karan Singh Baid as detailed above, where in any financial year during tenure of office of Shri. Karan Singh Baid the Company has no profits or its profits are inadequate the Company shall pay remuneration to Shri. Karan Singh Baid by way of Salary, perquisites and other allowance as the case be, such amount not exceeding the limits prescribed in Schedule XIII of the Companies Act, 1956 or within such ceiling limits as may be recodified unless otherwise approved by the Central Government. The following perquisites however shall not be included in the computation of the ceiling on remuneration as stated above.

(a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,

(b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

(c) encashment of leave at the end of the tenure.

The appointment can be terminated by either party by giving 3 months notice.

The above may also be treated as an abstract of the terms of appointment of the Whole-time Director as required under Section 302 of the Companies Act, 1956.

The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice. The copy of appointment letter as given to Shri Karan Singh Baid will be available for inspection to the members at the Registered Office of the Company between 11.00 A.M and 1.00 P.M. on any working day.

None of the Directors except Shri. Karan Singh Baid himself are deemed to be concerned or interested in the above resolution.

The Board recommends passing of the resolution by the members.

Item no. 7.

Having regards to the knowledge and experience in the Diamond & Jewellery Marketing and procurement of Raw Material, it is proposed, subject to approval of members in General Meeting to increase the payment of remuneration to Shri. Arvind Kumar Dadha, Whole Time Director of the Company under Section 269, 198, 309 & other applicable provisions, if any of the Companies Act, 1956 as per following detail:

1. Remuneration: Not exceeding Rs. 1,00,000/- Per Month.

2. Mr. Arvind K. Dadha shall also be entitled for Performance Bonus and/ or Commission and / or Ex-gratia, if any as may be recommended by the remuneration Committee and within the

ceiling limit authorized by the provisions of the Companies Act, 1956 viz. Section 309, 311, 198 or Schedule XIII.

3. Perquisites: Shri. Arvind K. Dadha shall also be entitled for the perquisites and allowances in addition to the remuneration mentioned herein above, which shall be restricted to an amount equal to the annual salary and the same shall be as hereinafter provided;

PART "A"

(i) Housing: The Company shall provide unfurnished accommodation to the Whole Time Director. If no accommodation is provided, House Rent Allowance @ not exceeding 60% of monthly salary or as per Companies Rule as applicable to other employee whichever is more shall be payable to the Whole Time Director and he is also eligible for reimbursement of expenses/allowances for utilisation of gas, electricity, water & the same will be valued as per Income Tax Rule 1962.

(ii) Medical Reimbursement: The Reimbursement of medical expenses incurred by the Whole Time Director for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.

(iii) Leave Travel Concession: Leave Travel Concession for the Whole Time Director and his family in a year in accordance with the Rules & Regulation of the Company.

(iv) Personal Accident Insurance: Personal Accident Insurance of an amount of the annual premium of which does not exceed one month salary or Rs.15000/- per annum whichever is lower.

(v) Club Fees: Fees of Club subject to a maximum of two Clubs excluding Admission and Life Membership fees to the Whole Time Director.

PART "B"

(i) Companies Contribution to Provident & Other Fund: Companies Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(ii) Gratuity: Gratuity payable at a rate not exceeding half a month's salary for each completed year of services.

(iii) Leave Encashment: Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

PART "C"

(i) Car: The Company shall provide Car with driver while on service.



(ii) Telephone: Telephone facility at the residence of the Shri. Arvind K. Dadha for use of company's business. Reimbursement of telephone bills at residence and Mobile Phone with the condition that personal long distance calls should be logged and paid by him.

(iii) Leave: Leave on full pay and allowance at the rate of one month for every eleven months of service.

and all other benefits, perquisites and amenities in accordance with rules of the company and as agreed by the Board of Directors subject to overall ceiling prescribed under Section 198, 309 Schedule XIII and other applicable provisions as may be applicable of the Companies Act 1956 unless otherwise approved by the Central Government. The Company shall pay or reimburse the appointee for all the cost, charges, expenses that may be incurred by him for the purpose of the business of the Company.

For the purpose of computing ceiling on perquisites, the same will be valued as per Income Tax Rules, 1962 wherever applicable.

4. Notwithstanding the remuneration payable to Shri. Arvind K. Dadha as detailed above, where in any financial year during tenure of office of Shri. Arvind K. Dadha the Company has no profits or its profits are inadequate the Company shall pay remuneration to Shri. Arvind K. Dadha by way of Salary, perquisites and other allowance as the case be, such amount not exceeding the limits prescribed in Schedule XIII of the Companies Act, 1956 or within such ceiling limits as may be recodified unless otherwise approved by the Central Government. The following perquisites however shall not be included in the computation of the ceiling on remuneration as stated above.

(a) contribution to provident fund; superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,

(b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

(c) encashment of leave at the end of the tenure.

The appointment can be terminated by either party by giving 3 months notice.

The above may also be treated as an abstract of the terms of appointment of the Whole-time Director as required under Section 302 of the Companies Act, 1956.

The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice. The copy of appointment letter as given to Shri Arvind Kumar Dadha will be available for inspection to the members at the Registered Of-

fice of the Company between 11.00 A.M and 1.00 P.M. on any working day.

None of the Directors except Shri. Arvind Kumar Dadha & Kanti Kumar Dadha are deemed to be concerned or interested in the above resolution.

The Board recommends passing of the resolution by the members.

Item No. 8

Pursuant to the provisions of Section 314 of the Companies Act, 1956 the Directors of a company can not hold office or Place of profit drawing monthly remuneration of Rs.10,000/- or more without obtaining the previous approval of the members in the General Meeting.

Mr. Ashish Dadha son of Mr. Kanti Kumar Dadha, Chairman and Managing Director, of the Company is young, dynamic and aspiring entrepreneur and has done specialized courses in the area related to Finance & Accounts (MBA) and has been associated with the Company for two years. Mr. Ashish Dadha is serving the Company as Senior Manager Finance at a remuneration of Rs. 9,500/- p.m. Considering the benefit derived from his services, the Board proposes to revise his remuneration to a sum not exceeding Rs. 50,000/- p.m w.e.f 1st April, 2006. However in terms of the provisions of Companies Act, 1956 said increase requires approval of members and consequently Mr. Kanti Kumar Dadha & Arvind Kanti Kumar Dadha would be holding place of profit in terms of section 314 (1B) requiring the approval of the members by way of special resolution.

The Directors recommend the resolution for approval of the Members. Mr. Kanti Kumar Dadha, and Mr. Arvind Kumar Dadha, Directors of the Company are deemed to be concerned or interested in the resolution.

REGISTERED OFFICE :

G-30, Gems & Jewellery
Complex III, SEEPZ,
Andheri (East),
Bombay-400 096.

By and on behalf of
THE BOARD OF DIRECTORS.

Dated : 30th June, 2006

KANTI KUMAR DADHA
(Chairman & Managing Director.)



DIRECTORS' REPORT

To,
The Member/s,

The Directors' have pleasure in presenting their 16th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS:

PARTICULARS	(Amount in Rs. '000)	
	2005-06	2004-05
Sales & Income from Operation	337184	308789
Other Income	4449	Nil
Total Expenditure	330332	296239
Interest	6570	3973
Profit Before Depreciation and Taxation	4731	8577
Depreciation	1669	1567
Profit Before Taxation	3062	7010
Provision for Taxation	257	550
Prior Years Tax Adjustment	15	Nil
Fringe Benefit Tax	62	Nil
Deferred Tax	1058	2524
Profit After Taxation	1670	3936
Balance Carried to Balance Sheet	22035	20365

OPERATIONS:

The World economy (mainly USA) has remained static. Moreover gold prices continues to shoot up and has dented the profitability of the company. We are investing heavily on technology and machinery to increase productivity and reduce operational loss to minimize raw material cost impact. We are monitoring the current economic and raw material costs scenario and are taking necessary steps to be competitive and profitable in this adverse scenario. However, during the year under review, the Company has achieved a commendable turnover of Rs. 33,71,84,087/- and a Profit after tax of Rs. 16,85,754/-.

DIVIDEND:

Considering the necessity of conserving financial resources for future growth and expansion of the business of the Company and in view of financial position of the Company, the Board of Directors do not recommend payment of dividend on equity shares.

DIRECTORS:

Mr. Mahesh Kumar Dadha and Mr. Gautam Chand Dadha, Directors of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their re-appointment.

During the year under review, Board has approved appointment of Shri. Kanti Kumar Dadha as Chairman and Managing Director of the Company and approved increase in payment of remuneration to Shri. Karan Singh Baid and Shri. Arvind Kumar Dadha, Whole Time Directors of the Company. These appointments and increments are subject to approval of members at the ensuing Annual General Meeting. The Board recommends approval of the above appointments by the members.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to an amendment to Section 217 of the Companies act, 1956, your Directors give hereunder the Director's Responsibility Statement pertaining to the accounts of the Company:-

1. Save and except compliance of AS-15 in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation statement relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2006 and of the Profit & Loss Account of the Company for the year ended on that date.
3. The Directors have 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.
4. These accounts have been prepared on a going concern basis.

FIXED DEPOSIT:

The Company has not accepted any Fixed Deposit under Section 58A of the Companies Act, 1956, read together with the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS:

M/s. A. J. Baliya & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. The said Statutory Auditors having furnished a certificate of their eligibility under Sec. 224(1B) of the Companies Act, 1956, are eligible for reappointment. The Board recommends their re-appointment.

PARTICULARS OF EMPLOYEES:

Pursuant to Section 217 (2A) of the Company Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, there are no employees drawing salary above monetary limit specified in above rules and therefore, no particulars need to be furnished in this regard.

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

The particulars as prescribed under Sub Sec. (1)(e) of Section 217, of the Companies Act, 1956, read with Companies

(Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given hereunder.

A. Conservation of energy The Company is taking all possible steps to conserve resources in its operations

B. Technology absorption N. A.

C. Foreign Exchange earnings and outgo For the year ended 31.03.2006

(Rs. in Thousand)

a) Earnings in foreign Currency	335718.70
b) Expenditure in Foreign Currency	20946.32

CORPORATE GOVERNANCE:

A separate section covering the Management Discussion and Analysis and Corporate Governance as per the requirements of Clause 49 of the Listing Agreement is attached herewith and forms a part of this report.

ACKNOWLEDGEMENT:

The Directors wish to place on record their admiration for the services rendered by the executives and employees of the Company at all levels. The Board also takes this opportunity to express its appreciation for the continued support received from the Shareholders, the Banking institutions including the State Bank of Indore, the SEEPZ Authorities and all other stakeholders, during the year.

REGISTERED OFFICE:

G-30, Gems & Jewellery Complex III, SEEPZ, Andheri (East), Bombay-400 096.

By and on behalf of
THE BOARD OF DIRECTORS.

Dated : 30th June, 2006

KANTI KUMAR DADHA
(Chairman & Managing Director.)

INVESTORS SERVICES:**1) Dematerialization of Securities.**

In order to give better services to the shareholders and investors and in terms of stipulation imposed by the SEBI and Stock Exchange, the Company has moved towards dematerialization of securities. During the year, several members' particularly Individual including small shareholders of the Company, availed the facility of dematerialization of shares of the Company.

In case you have any queries or seek any clarifications with regard to the process of dematerialization of securities or the