GOLKUNDA DIAMONDS & JEWELLERY LTD.



21st Annual Report 2010-2011

GOLKUNDA DIAMONDS & JEWELLERY LIMITED

REGISTERED OFFICE

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

BOARD OF DIRECTORS

Shri. Kanti Kumar Dadha	(Chairman & Managing Director)
Shri. Karan Singh Baid	(Whole Time Director)
Shri. Arvind Dadha	(Whole Time Director)
Shri. B. K. Ashok	(Professional / Independent Director)
Shri. Mahesh Dadha	(Independent Director) (resigned w.e.f. 03.05.10)
Shri. Gautam Dadha	(Independent Director)
Shri. Mangi Lal Maloo	(Independent Director) (w.e.f. 30.04.2010)

BANKERS

State Bank of India
Bank of India
Axis Bank Ltd.

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 **21st Annual General Meeting** of the members of **Golkunda Diamonds & Jewellery Limited**, will be held at "Banquet Hall", Matoshri Art & Sport Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai - 400 093 on **29th September, 2011** at 4.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date together with report of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Shri. Arvind Dadha, who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Shri. Gautam Dadha, who retires by rotation and being eligible offers himself for re-appointment.

4. To declare dividend on Equity Shares of the Company.

5. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

6. **To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special 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 re-appointment of Mr. Karan Singh Baid as Whole Time Director of the Company and payment of remuneration to him, w.e.f. 10th November, 2011 for the period of three years for an amount not exceeding Rs. 1,00,000/- p.m. including Basic Salary, House Rent Allowance and other Perquisites (as detailed in explanatory statement), Bonus, Performance Incentives, Commission and other additional perquisites as approved by Board from time to time as per the rules of the Company.

   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 modification/s, the following resolution as a Special Resolution:

"RESOLVED THAT in supersession to earlier resolution passed by the members at the Annual General Meeting held 28.09.2006, pursuant to the provisions of Sections 314 (1) and all other applicable provisions, if any, of the Companies Act, 1956 and the Director's Relatives (Office or Place of Profit) Rules, 2003 as amended, consent of the members of the Company be and is hereby accorded for increase in remuneration to Mr. Ashish Dadha, (relative of Mr. Kanti Kumar Dadha & Mr. Arvind Dadha, Directors of the Company) to hold and continue to hold an office or place of profit in the Company as Senior Executive, Finance w.e.f 1st October, 2011 on monthly remuneration in the range of Rs.50,000/- to Rs. 1,00,000/- (Gross including all the perquisites, allowances and benefit received from the Company).

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

RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Article No. 110 of the Article of Association be altered and substituted in the following manner:

110. Subject to the provisions of Section 259 of the Act, the number of Directors shall not be less than three, and unless otherwise determined by the Company in General Meeting, more than twelve. The present Directors of the Company are as under:

1. Shri. Kanti Kumar Dadha
2. Shri. Karan Singh Baid
3. Shri. Arvind Dadha
4. Shri. B. K. Ashok
5. Shri. Gautam Dadha
6. Shri. Mangi Lal Maloo

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time, for the purpose of the Company's business any sum or sums of money as it may deem proper, notwithstanding that the moneys to be so borrowed together with the moneys already borrowed by the Company, if any (apart from temporary loans obtained from the

Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, not set apart from any specific purpose, provided however, that the total amount of the money so borrowed by the Board together with the money already borrowed shall not exceed Rs. 100,00,00,000/- (Rupees Hundred Crores only)."

FURTHER RESOLVED THAT the Board of Directors be and are hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, securities or otherwise as they may think fit."

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

"RESOLVED THAT pursuant to the provisions of Section 293 (1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby granted to the Board of Directors for securing the loans / borrowings of the Company taken from time to time from bankers to the Company or from any financial institutions by way of mortgage and/or charge, in addition to the mortgages/charges created or to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable assets of the Company, both present and future and/or the whole or any part of the undertaking(s), of the Company up to an amount of Rs. 100,00,00,000/- (Rupees One Hundred Crore Only)."

REGISTERED OFFICE:
G-30, Gems & Jewellery Complex III,
SEEPZ, Andheri (East),
Mumbai-400096

By and on behalf of
THE BOARD OF DIRECTORS
GOLKUNDA DIAMONDS & JEWELLERY LTD.

KANTI KUMAR DADHA
(Chairman & Managing Director

Date: 30.05.2011

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.

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

(c) The Register of Members and Share Transfer Books of the Company will be closed from 24.09.2011 to 29.09.2011. (Both days inclusive).

(c) Members are requested to bring their attendance slip duly filled in for attending the meeting.

(d) Members are requested to notify changes, if any, in their registered address

immediately at the Company's Registered Office.

(e) The Company has code of conduct for all Board Members and Senior Management Personnel of the Company and is duly following the terms of the code in letter and in sprit.

(f) Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of special business to be transacted at the Annual General Meeting is attached herewith.

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By and on behalf of
THE BOARD OF DIRECTORS
GOLKUNDA DIAMONDS & JEWELLERY LTD.

KANTI KUMAR DADHA
(Chairman & Managing Director)

Date: 30.05.2011

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6 (Re-appointment of Mr. Karan Singh Baid as Whole Time Director of the Company)

Tenure of appointment of Shri. Karan Singh Baid as Whole Time Director expires on 9th November, 2011. 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 re-appoint Shri. Karan Singh Baid, as Whole Time Director of the Company w.e.f. 10th November, 2011 for the period of three years under Section 269, 198, 309 & other applicable provisions, if any of the Companies Act, 1956 and the same is in compliance with the conditions of Schedule XIII to the Companies Act, 1956. The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year. The appointment and remuneration has been approved by the Board of Directors and Remuneration Committee consisting of three independent directors at their respective meetings.

The terms and conditions of payment of remuneration of Shri Karan Singh Baid are detailed hereunder:

Gross remuneration not exceeding Rs. 1,00,000/- per month including Basic Salary, House Rent Allowance and other Perquisites (as detailed below), Bonus, Performance Incentives, Commission and other additional perquisites as approved by Board from time to time.

As part of above gross remuneration, following Perquisites may be provided on

appointment of Whole Time Director:

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.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. 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.

Notwithstanding the remuneration payable to Shri. Karan Singh Baid as detailed above, wherein 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 (Increase in Remuneration of Mr. Ashish Dadha)

Mr. Ashish Dadha Son of Mr. Kanti Kumar Dadha, Director of the Company was appointed as Senior Executive- Finance w.e.f. 01.04.2006. Considering the involvement of Mr. Ashish Dadha in the business of the Company and in view of benefit to the Company from his services, it is proposed to increase remuneration payable in the range of Rs.50,000/- to

Rs.1,00,000/- per month.

Pursuant to proviso to section 314 (1) of the Companies Act, 1956 read with Rules made thereunder (as amended), the Company may with the approval of members obtained at the General Meeting held by way of special resolution pay higher remuneration to relative of Director to hold place or office of profit.

Mr. Kanti Kumar Dadha and Mr. Arvind Dadha, Directors being relatives are deemed to be concerned or interested in the resolution. Your Board recommends the passing of the resolution.

Item No. 8 (Alteration of Articles of Association)

The Articles of Association of the Company at present mentions the name of the Directors as at the time of incorporation of the Company. Due to changes in the Directors of the Company due to resignations and appointments, the same does not correspond with the list of Directors on the Board of the Company at present. With the view to give updated information in the Articles of Association of the Company to all the concerned stakeholders, it would be appropriate to reflect the name of present Directors of the Company in the Articles of Association. The same requires alteration of clause 110 of Articles of Association of the Company defining the list of Directors of the Company.

Pursuant to provisions of Section 31 of the Companies Act, 1956, the Company may with the approval of members of the Company by way of special resolution passed in the General Meeting, alter its Articles of Association.

The copy of existing Articles of Association of the Company along with proposed amendment is available at the Registered Office of the Company on any business of the Company during 10.00 A.M. to 3.00 P.M.

None of the Directors of the Company are deemed to be concerned or interested in the proposed resolution.

The Board recommends passing of the resolution as contained in the notice.

Item No. 9 (Authority to Borrow Money)

Pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a Public Company, can not except with the consent of members in general meeting, borrow any sum or sums of money from time to time for the purposes of business of the company, if the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) exceeds the aggregate of the Paid-up Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose.

In order to meet the funds requirement of the Company, and in order to avail additional Banking facilities for the company it needs to approach Banks/ financial institutions for financial assistance in the form of long term or medium term loans.