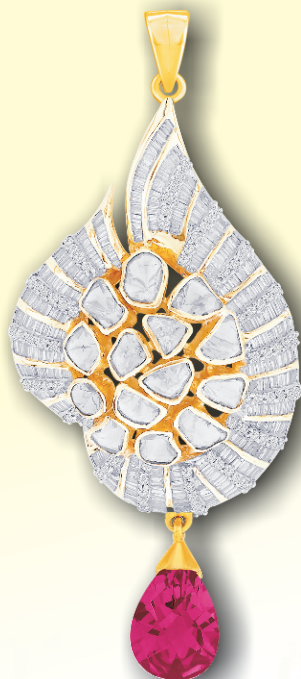




GOLKUNDA DIAMONDS & JEWELLERY LIMITED

23rd

**ANNUAL REPORT
2012-2013**





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. Gautam Dadha	(Independent Director)
Shri. Mangilal Maloo	(Independent Director)

BANKERS

State Bank of India
Bank of India
Axis Bank Limited

AUDITORS

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

WORKS

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

DEMATERIALIZATION OF SECURITIES

ISIN-INE798D01015

WEBSITE

www.golkunda.com



NOTICE

NOTICE is hereby given that the 23rd 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 28th September, 2013 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, 2013 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 Mr. Arvind Dadha who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gautam Dadha who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

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Mumbai-400 096

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

Date: 30.05.2013

KANTI KUMAR DADHA
(Chairman & Managing Director)



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) The Register of Members and Share Transfer Books of the Company will be closed from 23rd September, 2013 to 28th September, 2013. (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 spirit.

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

Date: 30.05.2013

KANTI KUMAR DADHA
(Chairman & Managing Director)

**DIRECTORS' REPORT**

To,

The Member/s,

GOLKUNDA DIAMONDS & JEWELLERY LIMITED

The Directors' have pleasure in presenting their 23rd Annual Report and Audited Statement of Accounts for the year ended 31st March, 2013

FINANCIAL RESULTS:

(Amount in Rs. '000)

PARTICULARS	2012-13	2011-12
Sales & Income from Operation	1134871	1159687
Other Income	37	137
Total Expenditure	1079625	1114998
Interest	30135	23313
Profit Before Depreciation and Taxation	25148	21513
Depreciation	2673	2330
Profit Before Taxation	22475	19183
Provision for Taxation	7646	6579
Prior Years Tax Adjustment	0	404
Deferred Tax	(231)	(46)
Profit After Taxation	15060	12246

OPERATIONS:

The profitability of the business has seen improvement. The profit for the year increased from Rs 122 lakhs to Rs 151 lakhs, an increase of 24%. We will continue to focus on increasing margins substantially this year. In this very difficult export market scenario and volatile gold prices, your company has successfully consolidated its sales volumes. Your company's sales for the year stood at Rs 113.48 Crores. Your company continues to adopt innovative marketing initiatives to further increase the topline. With latest software and better operations, we have been able to retain all our existing customers with improved business.

The forecast for the current year looks increasingly positive and we are optimistic that we will expand ourselves and outperform the overall industry growth.

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 of the Company for the financial year ended 31.03.2013.

DIRECTORS:

In terms of provisions of section 255 and 256 of the Companies Act, 1956 read with provisions of Articles of Association of the Company, Mr. Gautam Chand Dadha and Mr. Arvind Dadha, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their re-appointment.

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. 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, 2013 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 re-appointment. The Board recommends their re-appointment.

The observations of statutory auditors read along with notes to accounts are self explanatory and do not call for further explanation.

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 31.03.2013	
a) Earnings in foreign Currency	Rs. 108,12,70,256/-
b) Expenditure in Foreign Currency	Rs. 2,47,22,487/-

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.

AUDIT COMMITTEE:

The Audit Committee of the Company comprises of 2 Independent Non-Executive Directors and 1 Professional Independent Non-Executive Director.

The Chairman of the Audit Committee is Mr. Mangilal Maloo.

The terms of reference of the Audit Committee are in accordance with the provisions of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement pertaining to Corporate Governance norms.

Mr. Karan Singh Baid, Whole Time Director is the Permanent Invitee to the meeting of Audit Committee.

LISTING ARRANGEMENT:

The Company's Equity Shares are listed on Bombay Stock Exchange, Hyderabad Stock Exchange and Jaipur Stock Exchange. The Company has paid its Annual Listing Fees to the above stock Exchanges for the financial year 2013-14.



CEO / CFO CERTIFICATION:

In accordance with the provisions of the Listing Agreement pertaining to Corporate Governance norms, Mr. Kanti Kumar Dadha, Managing Director, has certified, inter-alia, on review of financial statements and establishing and maintaining internal controls for the financial year ended 31.03.2013.

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 India, the SEEPZ Authorities and all other stakeholders, during the year.

REGISTERED OFFICE:

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Mumbai-400 096

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

Date: 30.05.2013

KANTI KUMAR DADHA
(Chairman & Managing Director)

**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

ANNUAL REPORT 2012-2013

CORPORATE GOVERNANCE REPORT

[Pursuant to Clause 49 of the Listing Agreement]

The Corporate Governance Report pursuant to the Clause 49 of the Listing Agreement with Stock Exchanges as applicable for the financial year ended 31st March, 2013 are set out below for the information of shareholders and investors of the Company

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance heavily leans on the fact of its willingness to incorporate fairness and transparency as a second nature of operations in the Company. The Company aims at achieving an optimum balance between rewards to management and returns to shareholders, clearly understanding that while the management risks its efforts; shareholders risk their hard earned funds.

The Company believes that the essence of good Corporate Governance lies in promoting and maintaining integrity, transparency and accountability across the organization.

BOARD OF DIRECTORS**a) Composition:**

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors.

- 1) The Board of Directors of your Company comprises of an Executive Chairman and Managing Director, 2 Whole Time Executive Directors and 3 Non-Executive Independent Directors.
- 2) All Directors other than Mr. Kanti Kumar Dadha, Mr. Karan Singh Baid and Mr. Arvind Kumar Dadha are Independent Non-Executive Directors.

b) Number of Board Meetings Held, Dates on Which Held

During the financial year 2012-13, Six (6) Board Meetings were held on 29.05.2012, 13.08.2012, 28.09.2012, 10.11.2012, 05.12.2012 and 14.02.2013.

c) Attendance of Each Director at the Board Meeting and Last Annual General Meeting, Number of other Boards or Board Committees in which he/she is a Member or Chairperson.

Name of Director	Category	No. of other Director - ships held (Other than Golkunda)	No. of other Committee Chairman-ships/ member-ships held (Other than Golkunda)	No. of Board Meetings Attended	Attendance at Last Annual General Meeting held on 28.09.2012
Mr. Kanti Kumar Dadha	Chairman & Managing Director Promoter	1	Nil	6	Yes
Mr. Karan Singh Baid	Whole Time Executive Director Promoter	1	Nil	6	Yes
Mr. Arvind Kumar Dadha	Whole Time Executive Director	Nil	Nil	6	Yes
Mr. Ashok Kumar K. Bekal	Independent Professional Non-Executive Director	Nil	Nil	3	Yes
Mr. Gautam Chand Dadha	Independent Non-Executive Director	Nil	Nil	3	No
Mr. Mangilal Maloo	Independent Non-Executive Director	Nil	Nil	3	No

**BOARD COMMITTEES****AUDIT COMMITTEE****COMPOSITION:**

The Audit Committee of the Company was formed on 15th October, 2003 and comprises of 2 Independent Non-Executive Directors and 1 Professional Independent Non-Executive Director as follows:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Mangilal Maloo	Chairman	Independent Non-Executive Director
2	Mr. Gautam Chand Dadha	Member	Independent Non-Executive Director
3	Mr. B. K. Ashok	Member	Professional Independent Non-Executive Director

MEETINGS OF AUDIT COMMITTEE AND ATTENDANCE DURING THE YEAR

The Committee met 4 (Four) times during the year on the following dates viz. 29.05.2012, 13.08.2012, 10.11.2012, 14.02.2013.

Name of Director	No. of Meeting Attended
Mr. Mangilal Maloo	4
Mr. Gautam Chand Dadha	4
Mr. Ashok Kumar K. Bekal	4
Mr. Karan Singh Baid (Invitee)	4

BRIEF DESCRIPTION OF TERMS OF REFERENCE

The Company has an Audit Committee with scope of activities as set out in Clause 49 (II) of the Listing Agreement with the Stock Exchanges read with section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory / Internal Auditors and the Board of Directors of the Company. The broad terms of reference of the Audit Committee are as under:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- To hold periodic discussion with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors / Internal Auditors;
- To review compliance with internal control systems;
- Reviewing related party transactions;
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;
- Discussing and reviewing the company's financial and risk management policies;
- Recommending the appointment of statutory auditors / internal auditors and fixation of their remuneration.



REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee was constituted on 15th October, 2003 and comprises of 2 Independent Non-Executive Directors and 1 Professional Independent Non-Executive Director as follows:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Mangilal Maloo	Chairman	Independent Non-Executive Director
2	Mr. Gautam Chand Dadha	Member	Independent Non-Executive Director
3	Mr. B. K. Ashok	Member	Professional Independent Non-Executive Director

MEETINGS OF REMUNERATION COMMITTEE AND ATTENDANCE DURING THE YEAR

The Committee met once during the year on 29.05.2012. All the members of the Committee had attended the meeting of Remuneration Committee.

BRIEF DESCRIPTION OF TERMS OF REFERENCE

The Remuneration Committee while approving remuneration of Managing Director / Whole Time Directors takes into account the financial position of the Company, qualification, experience, performance and past remuneration of the concerned managerial person. The Broad terms of reference of the Remuneration Committee are as follows:

1. Fixation of Suitable Remuneration Package of all the Executive Directors and Non Executive Directors i.e. Salary, Perquisites, Bonuses, Pensions, etc.
2. Determination of the fixed component and performance linked incentives along with the Performance Criteria to Directors of the Company.
3. Service Contracts, Notice Period, and Severance fees of Directors.

REMUNERATION POLICY AND DETAILS OF REMUNERATION TO ALL DIRECTORS, AS PER FORMAT IN MAIN REPORT

Details of remuneration paid to the Executive Directors during the year ended 31.03.2013 are as follows:

Name	Relation with Goltunda	Inter-se Relation	Salary	Stock Option	Commission	Contribution to Provident Fund and other funds	Perquisites	Total
Mr. Kanti Kumar Dadha	Chairman and Managing Director	-	932880	0	0	9360	169235	11,11,475
Mr. Karan Singh Baid	Whole Time Director	-	852150	0	0	9360	36900	8,98,410
Mr. Arvind Kumar Dadha	Whole Time Director	Son of Mr. Kanti Kumar Dadha.	852150	0	0	9360	37459	8,98,969