



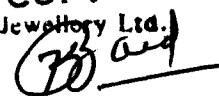
Report  Junction.com

GOLKUNDA

Diamonds & Jewellery Ltd.

14TH ANNUAL REPORT 2003-2004

CERTIFIED TRUE COPY
For Golkunda Diamonds & Jewellery Ltd.



Director

www.reportjunction.com



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 Director)
Mahesh Kumar Dadha	(Additional Director) (w.e.f. 15 th October, 2003)
Gautam Chand Dadha	(Additional Director) (w.e.f. 15 th October, 2003)

BANKERS

State Bank of Indore.
Bank of India.

AUDITORS

A.J. Baliya & Associates.
Chartered Accountants.
Mumbai.

WORKS

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

DEMATERIALISATION OF SECURITIES

ISIN-INE798D1015

WEBSITE

www.golkunda.com



NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of GOKUNDA DIAMONDS & JEWELLERY LIMITED, will be held at Matoshri Art & Sport Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai - 400093 on Wednesday, the 15th September, 2004 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, 2004 and Profit & Loss Account for the year ended on that date together with reports of the Board of Directors' and Auditor's thereon.
2. To appoint a Director in place of Shri Arvind Kumar Dadha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 257 of The Companies Act, 1956 and Article 132(1) of the Articles of Association of the Company, a notice having been received in this respect, Mr. Mahesh Kumar Dadha be appointed a Director of the company whose office shall be subject to retirement by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 257 of The Companies Act, 1956 and Article 132(1) of the Articles of Association of the Company, a notice having been received in this respect, Mr. Gautam Chand Dadha be appointed a Director of the company whose office shall be subject to retirement by rotation."

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 269, 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded for re-appointment of and payment of remuneration to Shri. Karan Singh Baid as a Wholtime Director of the Company for period of three

years w.e.f. 10th November, 2003 on terms and conditions as contained in the letter of Appointment and terms and conditions as contained therein, 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.

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

"RESOLVED THAT pursuant to the provisions of Section 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. 50,00,00,000/- (Rupees Fifty Crores only)."

REGISTERED OFFICE :

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

Dated : 28TH JUNE, 2004 (Chairman & Managing Director)

By order of the Board

sd/-

Kanti Kumar Dadha

**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. 4 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 10th September, 2004 to 15th September, 2004 (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. 4.

Mr. Mahesh Kumar Dadha has been in the Diamond Trade for 20 years and has specialized knowledge in Diamond Cutting & polishing, which is a part of Jewellery manufacturing. The Company can benefit tremendously from his skills in this particular area.

Keeping this in view, the Board of Directors have appointed Mr. Mahesh Kumar Dadha, as an independent Director, on the Board of the Company with effect from 15th October, 2003. A notice has been received u/s 257 of the Companies Act, proposing his candidature for appointment as a Director. Mr. Mahesh Kumar Dadha does not hold any equity shares / stocks in his own name or does not hold any equity shares / stocks for other person on a beneficial basis.

Your Directors therefore recommend passing the resolution.

None of the Directors except proposed appointee is interested in the above resolution.

Item no. 5

Mr. Gautam Chand Dadha is a senior professional, and has been associated with the Jewellery marketing field since past

30 years. His widespread experience and insight can be of a great advantage to the Company.

In view of taking benefit of his guidance, the Board of Directors have appointed Mr. Gautam Chand Dadha, as an independent Director, on the Board of the Company with effect from 15th October, 2003. A notice has been received u/s 257 of the Companies Act, proposing his candidature for appointment as a Director. Mr. Gautam Chand Dadha do not holds any equity shares / stocks in his own name or do not holds any equity shares / stocks for other person on a beneficial basis.

Your Directors therefore recommend passing the resolution.

None of the Directors except proposed appointee is interested in the above resolution.

Item no. 6

Having regards to the knowledge and experience possessed by Shri Karan Singh Baid 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 Wholetime 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 : Rs.10,000/- Per Month.
2. Perquisites : Shri. Karan Singh Baid shall be entitled for the perquisites and allowances 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 @ 60% of monthly salary or as per Company's Rules as applicable to other employees 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 Rules, 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 & Regulations of the Company.
- iv) Personal Accident Insurance : Personal Accident Insurance of an amount of the annual premium of which does not exceed one month's salary or Rs.10000/- 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) Company's Contribution to Provident & Other Fund : Company's Contribution to Provident Fund, Super - annuation 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 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.

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.

3. 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, allowances, 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. 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.
- d) 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 Mr. Karan Singh Baid himself are deemed to be concerned or interested in the above resolution.

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

Item no. 7

Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in general meeting, borrow money apart from temporary loans obtained from the company's bankers in the ordinary course of business in excess of the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purposes. Taking into account the further requirements of additional finance for the expansion programme undertaken by the Company, your Board think it necessary to acquire this power and commends passing of this resolution enabling the board to borrow money to the extent of Rs. 50,00,00,000/- (Rupees Fifty Crores only).

None of the Directors is interested or concerned in the resolution.

REGISTERED OFFICE :

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

By order of the Board

sd/-

Kanti Kumar Dadha

Dated : 28TH JUNE, 2004 (Chairman & Managing Director)



DIRECTORS' REPORT

To The Member/s,

The Directors' have pleasure in presenting their 14th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

Particulars	(Rs. in 'Thousand)	
	2003-2004	2002-2003
Sales & Income from Operations	2,39,882	1,78,871
Other Income	(1,209)	(1,074)
Total Expenditure	2,27,702	1,70,564
Interest	3,095	1,368
Profit before Depreciation and Taxation	7,876	5,865
Depreciation	1,427	1,422
Profit before Taxation	6,449	4,443
Provision for Taxation	317	Nil
Prior Years Tax Adjustment	614	Nil
Difference of Tax	2,429	Nil
Profit for the year	3,089	4,443
Balance carried to Balance Sheet	11,960	8,871

OPERATIONS

The economy has gone through a roller coaster ride during the past few months. The sudden activity in the capital markets, change in Government etc. have heavily affected the stability of the economy. This year therefore, promises a lot of uncertainty. However, during the year under review, the Company has achieved a commendable turnover of Rs. 23,98,81,559/- and a Profit after tax of Rs. 30,89,138/-.

DIVIDEND

Considering the need to conserve funds for possible long term working capital requirements, the Board of Directors do not recommend payment of dividend on equity shares.

FINANCE

The Company has continued enjoying credit facilities for its working capital requirements in the form of Packing Credit facilities and Post Shipment Credit facilities from State Bank of Indore.

DIRECTORS

During the year Shri. Karansingh Baid, Whole time Director of the Company has been re-appointed for period of three

years w.e.f. 10th November, 2003. Shri Arvind Kumar Dadha retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. Mahesh Kumar Dadha and Mr. Gautam Chand Dadha were appointed as an Additional Directors on Board of the Company on 15th October, 2003, with a view to induct independent Directors on the Board, who holds office till the ensuing Annual General Meeting and in respect of whom the company has received notices under Section 257 of the Companies Act, 1956 recommending their 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. 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, 2004 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 AGM. The said Auditors having furnished a certificate of their eligibility under Sec. 224(1B) of the Companies Act, 1956, are eligible for reappointment.

PARTICULARS OF EMPLOYEES

Pursuant to Sec. 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 of the year ended 31.03.2004

	(Rs. in Thousand)
a) Earnings in foreign Currency	20,64,09,880/-
b) Expenditure in Foreign Currency	4,99,78,566/-

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 : By order of the Board
 G-30, Gem & Jewellery Complex-III,
 SEEPZ, Andheri (East), sd/-
 Mumbai - 400 096. Kanti Kumar Dadha
 Dated : 28TH JUNE, 2004 (Chairman & Managing Director)

INVESTORS SERVICES :

1) Dematerialisation of Securities.

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

In case you have any queries or seek any clarifications with regard to the process of dematerialisation of securities or the functioning of Depository Participant (DP), you may contact at the Registered Office of the Company. The compliance officer present there would guide you through the process of opening

an account and help to clarify your doubts regarding trading of securities in dematerialised form.

In order to facilitate better understanding of the process and to enable the investor to avail of this facility, the following points may be noted while lodging documents for transfer – cum – demat.

DOs

- Lodge documents for transfer together with request for simultaneous demat in favour of NSDL/CDSL.
- Specify at the time of lodgement, your desire for transfer – cum demat.
- Await the confirmation letter received from Company or M/S. SHAREX INDIA PVT LTD.
- Submit the confirmation letter received from Company OR M/S. SHAREX INDIA PVT LTD after transfer with your Depository Participant (DP) along with the Demat Request Form (DRF)
- Sign the DRF in the same manner as signed on the transfer deed submitted for transfer.
- Ensure that the DRF is submitted by you mentioning your Client ID where the names are in similar pattern as mentioned in the transfer deed.
- Mention the quantity of shares on the DRF that has been transferred as mentioned in the confirmation letter.
- Mention on the DRF the details of the distinctive numbers/ certificate numbers as given in the confirmation letter.
- Ensure that the demat request is generated and forwarded by your DP with in the prescribed time as mentioned in the confirmation letter.

DONT's

- Lodge the documents for transfer with your DP.
- Submit the DRF with out signature of all the joint holders
- Sign the DRF in a different pattern from the signature on the transfer deed.

If there is a delay in submitting the DRF to your DP, the physical certificates will be despatched by Company.

2) Nomination facility.

The Companies (Amendment) Act, 1999 has introduced through section 109A, the facility of nomination to share/ debenture/deposit holders. This facility is mainly useful for all holders holding the shares/ debentures/ deposits in single name. In case where the securities/deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders.

Investors holding shares in physical form may send enclosed nomination form to the Company at Registered office of the company. However, if the shares are held in dematerialised form, the nomination has to be conveyed to your depository participants directly, as per the format prescribed by them.



CORPORATE GOVERNANCE REPORT

(Pursuant to clause 49 of the Listing Agreement)

1. CORPORATE GOVERNANCE PHILOSOPHY

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.

2. BOARD OF DIRECTORS

a) Composition

- 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 Directors.

b) Board Meetings

Fifteen Board Meetings were held during the year i.e. on 10th April, 2003, 23rd April, 2003, 24th April, 2003, 30th June, 2003, 31st July, 2003, 12th August, 2003, 2nd September, 2003, 15th October, 2003, 20th October, 2003, 10th November, 2003, 18th November, 2003, 5th December, 2003, 30th December, 2003, 31st January, 2004, 12th March, 2004.

The details of the Board members as on 31.3.2004 are given below:

Name of Director	Category	No. of other Director - ships held (Other than Golkunda)	No. of other Committee Chairmanships / memberships held (Other than Golkunda)	No. of Board Meetings Attended	Attendance at Last AGM
Mr. Kanti Kumar Dadha	Exe. Chairman cum Mg. Director & Promoter	Nil	Nil	15	Yes
Mr. Karan Singh Baid	Executive Whole -Time Director	Nil	Nil	15	Yes
Mr. Arvind Kumar Dadha	Executive Whole -Time Director	Nil	Nil	15	Yes
Mr. B. K. Ashok *Appointed w.e.f. 10-04-03	Non-Exe. Independent Director	Nil	Nil	13	Yes
Mr. Mahesh Kumar Dadha *Appointed w.e.f. 15-10-03	Non-Exe. Independent Director	Nil	Nil	8	No
Mr. Gautam Chand Dadha *Appointed w.e.f. 15.10.2003	Non-Exe. Independent Director	Nil	Nil	5	No

* Mr. B. K. Ashok was appointed as Non-Exe. Independent Director w.e.f. 10-04-03 & Mr. Mahesh Kumar Dadha, Mr. Gautam Chand Dadha were appointed as Non Executive Independent Directors with effect from 15th October, 2003

None of the Non-Executive Directors hold any shares /stocks either of his own or held by / for other person on beneficial basis, in company. The details also forms part of notice of their appointment.