



GOLKUNDA

Diamonds & Jewellery Ltd.

15TH ANNUAL REPORT 2004-2005

**REGISTERED OFFICE :**

G-30, Gems & Jewellery, Complex - III,
SEEPZ, Andheri (East), Mumbai - 400 096.
TEL : 28290155/56 FAX : 28290373

BOARD OF DIRECTORS :

Kanti Kumar Dadha	(Chairman & Managing Director)
Karan Singh Baid	(Executive Director)
Arvind Dadha	(Executive 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

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

WORKS

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

307/308, Kapadia Industries Estate,
Andheri-Kurla Road, Chakala, Mumbai - 400 093.

DEMATERIALISATION OF SECURITIES

ISIN-INE796D1015

WEBSITE

www.golkunda.com

**NOTICE**

NOTICE is hereby given that the 15th Annual General Meeting 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 Tuesday, the 20th September, 2005 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, 2005 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 Karan Singh Baid, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri B.K. Ashok, 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 Company be and is hereby accorded for re-appointment of and payment of remuneration to Shri. Arvind K. Dadha as a Whole time Director of the Company for period of five years w.e.f. 1st October, 2004 on terms and conditions as contained in the letter of Appointment and at such terms & 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.

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

REGISTERED OFFICE :
Board

By order of the

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

sd/-

Kanti Kumar Dadha

Dated: 20th JUNE, 2005. (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) Explanatory statement as required by Section 173(2) of the Companies Act, 1956 in respect of the business under item No. 5 as set out above is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will be closed from 17th Sept., 2005 to 20th Sept., 2005 to (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 possessed by Shri Arvind K. Dadha and the likely growth of the business of the Company under his able guidance and supervision, the Board of Directors have re-appointed him as Whole time Director w.e.f. 1st October, 2004 for period of 5 years, the said appointment was subject to the approval of the members in General Meeting



under Section 269, 198, 309 & other applicable provisions, if any of the Companies Act, 1956 as per following detail:

1. Remuneration: Rs. 8,000/- Per Month.

2. Perquisites: Shri. Arvind K. Dadha 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 Shri. Arvind K. Dadha 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. 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, 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.

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 K. 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 and Shri. Arvind K. Dadha himself are deemed to be concerned or interested in the above resolution.

REGISTERED OFFICE : By order of the Board
G-30, Gems & Jewellery
Complex-III, SEEPZ,
Andheri (East),
Mumbai - 400 096.
Dated : 20th JUNE, 2005

sd/-
Kanti Kumar Dadha
(Chairman & Managing Director)

DIRECTORS' REPORT

To.
The Member/s,
The Directors' have pleasure in presenting their 15th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

Particulars	(Rs. in 'Thousand)	
	2004-2005	2003-2004
Sales & Income from Operations	3,08,789	2,39,882
Other Income	Nil	(1,209)
Total Expenditure	2,96,239	2,27,702
Interest	3,973	3,095
Profit before Depreciation & Taxation	8,577	7,876
Depreciation	1,567	1,427
Profit before Taxation	7,010	6,449
Provision for Taxation	550	317
Prior Years Tax Adjustment	NIL	614
Deferred Tax	2,524	2,429
Profit for the year	3,936	3,089
Balance carried to Balance Sheet	20,365	11,960

OPERATIONS

Yours Directors are pleased to inform you that inspite of increasing competition in Jewellery market, operations of your Company for the financial year ended 31st March, 2005 resulted in sales of Rs. 30,87,89,051/- against Rs.23,98,81,559/- for the previous year representing an increase of 28.72% over the previous year.

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

Shri Karan Singh Baid and Shri. B.K. Ashok Director's of the company retires by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Detail profile with experience of the directors has been enclosed elsewhere in the annual report for the information of 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, 2005 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
For the year ended 31.03.2005

(Rs. in Thousand)

a) Earnings in foreign Currency	28,09,43,021/-
b) Expenditure in Foreign Currency	4,10,07,339/-

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 shareholders, during the year.

REGISTERED OFFICE :

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

By and on behalf of

sd/-
KANTI KUMAR DADHA

Dated : 20TH JUNE, 2005

(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 Individuals 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 receive from Company or M/S. SHAREX DYNAMIC (INDIA) PVT LTD.
- Submit the confirmation letter received from Company OR 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 depends 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

Twelve Board Meetings were held during the year i.e. on 26.04.2004, 23.06.2004, 28.06.2004, 29.06.2004, 01.07.2004, 09.07.2004, 30.07.2004, 28.09.2004, 01.10.2004, 29.10.2004, 31.01.2005 and 31.03.2005.

The details of the Board members as on 31.3.2005 are given below

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 AGM
Mr. Kanti Kumar Dadha	C. M. D	Nil	Nil	12	Yes
Mr. Karan Singh Baid	Exe. Director	Nil	Nil	12	Yes
Mr. Arvind Kumar Dadha	Exe. Director	Nil	Nil	12	Yes
Mr. B. K. Ashok	Ind. Director	Nil	Nil	12	Yes
Mr. Mahesh Kumar Dadha	Ind. Director	Nil	Nil	12	Yes
Mr. Gautam Chand Dadha	Ind. Director	Nil	Nil	12	No

GOLKUNDA DIAMONDS & JEWELLERY LIMITED