



**GOLKUNDA DIAMONDS & JEWELLERY LTD.**



**22<sup>nd</sup>  
Annual Report  
2011-2012**





---

## **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 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](http://www.golkunda.com)



## NOTICE

NOTICE is hereby given that the **22<sup>nd</sup> 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, 2012** at 4.00 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 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. B. K. Ashok, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. Mangilal Maloo, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED THAT in partial modification of the resolution passed by the members of the Company at Annual General Meeting held on 29<sup>th</sup> September, 2009, pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII (as amended) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, the consent of the members of the Company be and is hereby accorded for increase in payment of remuneration to Mr. Kantikumar Dadha, as Managing Director for an amount not exceeding Rs. 2,50,000/- p.m. w.e.f. 01.10.2012 till the period of his unexpired term 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.

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.



RESOLVED FURTHER THAT Mr. Kantikumar Dadha shall be entitled to the reimbursement of all out of pocket expenses which may be incurred by him for and in the course of business of the Company."

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

"RESOLVED THAT in partial modification of the resolution passed by the members of the Company at Annual General Meeting held on 29th September, 2011, pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII (as amended) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, consent of the members of the Company be and is hereby accorded for increase in payment of remuneration to Mr. Karan Singh Baid as Whole Time Director for an amount not exceeding Rs. 2,50,000/- p.m. w.e.f. 01.10.2012 till the period of his unexpired term, 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.

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.

RESOLVED FURTHER THAT Mr. Karan Singh Baid shall be entitled to the reimbursement of all out of pocket expenses which may be incurred by him for and in the course of business of the Company."

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

"RESOLVED THAT in partial modification of the resolution passed by the members of the Company at Annual General Meeting held on 29th September, 2009, pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII (as amended) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, the consent of the members of the Company be and is hereby accorded for increase in payment of remuneration to Mr. Arvind Dadha as Whole Time Director for an amount not exceeding Rs. 2,50,000/- p.m. w.e.f. 01.10.2012 till the period of his unexpired term 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.



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.

RESOLVED FURTHER THAT Mr. Arvind Dadha shall be entitled to the re-imbursement of all out of pocket expenses which may be incurred by him for and in the course of business of 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 in supersession to earlier resolution passed by the members at the Annual General Meeting held 29.09.2011, 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 on monthly remuneration in the range of Rs.1,00,000/- to Rs. 1,50,000/- (Gross including all the perquisites, allowances and benefit received from the Company) w.e.f. 1st October, 2012."

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

By and on behalf of  
The Board of Directors  
**GOLKUNDA DIAMONDS & JEWELLERY LTD.**

Date: 29.05.2012

**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 22.09.2012 to 28.09.2012. (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.
- (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.

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

By and on behalf of  
The Board of Directors  
**GOLKUNDA DIAMONDS & JEWELLERY LTD.**

Date: 29.05.2012

**KANTI KUMAR DADHA**  
(Chairman & Managing Director)

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5 Increase in Remuneration of Mr. Kantikumar Dadha, Managing Director:**

Considering the progress made by the Company under the able guidance and supervision of Mr. Kantikumar Dadha, it is proposed to increase managerial remuneration w.e.f. 01.10.2012 for an amount not exceeding Rs. 2,50,000/- per month till the period of this unexpired term. The Proposed remuneration has been approved by the Board of Directors and recommended by Remuneration Committee in their respective meetings and the same is in compliance with the conditions of Schedule XIII to the Companies Act, 1956, as amended. The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year.

**STATEMENT OF INFORMATION AS REQUIRED UNDER SCHEDULE XIII, PART II, SECTION II (B) (IV):****I: General Information about the Company:**

- 1. Nature of Industry:** The object of the company for which it is formed is to manufacturing and trading of polished gems, diamonds and other stones.
- 2. Date of Commencement of Commercial Production:** The Company was incorporated on 30th October, 1990. Immediately after incorporation, the Company has commenced commercial operation and till date the Company is engaged in the business of manufacturing and trading of polished gems, diamonds and other stones.
- 3. Financial Performance Based on Given Indicators:** The financial data as per last audited Balance Sheet as on 31st March, 2012 are as under:

<b>Particulars</b>	<b>For the Year ended 31.03.2012 (Rs.)</b>
Total Income	115,98,24,340
Net Profit Before Depreciation and Tax	2,15,13,512
Depreciation	23,30,517
Net Profit Before Tax	1,91,82,995
Provision for Taxation	65,79,000
Net Profit after Tax	1,22,46,007

- 4. Export Performance and Net Foreign Exchange Collaborations:** The Company has achieved export turnover of Rs. 106,37,48,934/- during the year ended 31st March, 2012. The Company does not have foreign collaborations.
- 5. Foreign Investments or Collaborators:** The Company has not made any investment in foreign body corporate or foreign entities. The Company do not have any foreign collaboration and has not received or invested any money towards foreign collaboration and hence no information to be provided in this respect.





**II: Information about the Appointee:**

- 1. Brief Profile of Appointee:** Mr. Kanti kumar Dadha holds B.Com Degree. Mr. Kantikumar Dadha has been involved in the activities of the Company since incorporation. He is pioneer in the set up, management and operation of the Manufacturing Division of the Company.
- 2. Past remuneration:** In the past, Mr. Kanti kumar Dadha has drawn Remuneration upto Rs. 1,00,000/- p.m. from the Company.
- 3. Recognition and Award received in past:** Mr. Kantikumar Dadha is associated with the various Social Organizations. However there is no reportable Recognition and Award received.
- 4. Job Profile and Suitability:** Mr. Kantikumar Dadha is responsible for administration, production and direction for the organization. He is responsible for overall strategy and planning of the Company.
- 5. Remuneration proposed:** It is proposed to pay Managerial Remuneration to Mr. Kantikumar Dadha for an amount not exceeding Rs. 2,50,000/- per month.
- 6. Comparative Remuneration in the Industry:** Considering the nature of industry and specialty of services rendered by Mr. Kantikumar and also considering the complex role performed by Mr. Kantikumar Dadha no comparative remuneration of industry is available for information.
- 7. Material Pecuniary Relationship:** The Company does not have any material pecuniary relationship with Mr. Kanti Kumar Dadha.

**III: Other information:**

- 1. Reason for inadequate Profit and measures taken for improvement:** The bottom-line of the company has been increasing steadily over past 3 years. The Company has focused on exports. The Company had to raise its bar on quality and processes to match international standards and in the process, spent substantially on inputs for the same. Also, competitive offer prices for penetration in new markets and offering of new products, resulted in substantial pressure on margin. The Company is taking every possible steps to increase the business volume and thereby profitability.
- 2. Expected Increase in Profits in Measurable Terms:** Considering the proposed businesses and the projects of the Company, it is not possible to ascertain and quantify the expected increase in profits in measurable terms at this stage. However company expects 20% to 25 % growth in income and profitability in next 3 years.

The terms and conditions including remuneration may also be treated as an abstract of the terms of appointment of the Managing Director as required under Section 302 of the Companies Act, 1956.



The Board of Directors recommends to the shareholders the adoption of the above resolution as contained in the notice. The copy of letter showing payment of remuneration to Mr. Kanti Kumar Dadha will be available for inspection of the members at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any working day.

Mr. Kanti Kumar Dadha him self and Mr. Arvind Dadha, being relative are deemed to concerned or interested in the above resolution.

**Item No. 6 Increase in Remuneration of Mr. Karan Singh Baid, Whole Time Director:**

Considering the progress made by the Company under the able guidance and supervision of Mr. Karan Singh Baid, it is proposed to increase managerial remuneration w.e.f. 01.10.2012 for an amount not exceeding Rs. 2,50,000/- per month till the period of this unexpired term. The Proposed remuneration has been approved by the Board of Directors and recommended by Remuneration Committee in their respective meetings and the same is in compliance with the conditions of Schedule XIII to the Companies Act, 1956, as amended. The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year.

**STATEMENT OF INFORMATION AS REQUIRED UNDER SCHEDULE XIII, PART II, SECTION II (B) (IV):**

**I: General Information about the Company:**

- 1. Nature of Industry:** The object of the company for which it is formed is to manufacturing and trading of polished gems, diamonds and other stones.
- 2. Date of Commencement of Commercial Production:** The Company was incorporated on 30th October, 1990. Immediately after incorporation, the Company has commenced commercial operation and till date the Company is engaged in the business of manufacturing and trading of polished gems, diamonds and other stones.
- 3. Financial Performance Based on Given Indicators:** The financial data as per last audited Balance Sheet as on 31st March, 2012 are as under:

Particulars	For the Year ended 31.03.2012 (Rs.)
Total Income	115,98,24,340
Net Profit Before Depreciation and Tax	2,15,13,512
Depreciation	23,30,517
Net Profit Before Tax	1,91,82,995
Provision for Taxation	65,79,000
Net Profit after Tax	1,22,46,007

- 4. Export Performance and Net Foreign Exchange Collaborations:** The Company has achieved export turnover of Rs. 106,37,48,934/- during the year ended 31st March, 2012. The Company does not have foreign collaborations.



5. **Foreign Investments or Collaborators:** The Company has not made any investment in foreign body corporate or foreign entities. The Company do not have any foreign collaboration and has not received or invested any money towards foreign collaboration and hence no information to be provided in this respect.

## II: Information about the Appointee:

1. **Brief Profile of Appointee:** Mr. Karan Singh Baid holds D.E.E Degree. Mr. Karan Singh Baid has been involved in the activities of the Company since incorporation. He is pioneer in the set up, management and operation of the Manufacturing Division of the Company.
2. **Past remuneration:** In the past, Mr. Karan Singh Baid has drawn Remuneration upto Rs. 1,00,000/- p.m. from the Company.
3. **Recognition and Award received in past:** Mr. Karan Singh Baid is associated with the various Social Organizations. However there is no reportable Recognition and Award received.
4. **Job Profile and Suitability:** Mr. Karan Singh Baid is responsible for administration, production and direction for the organization.
5. **Remuneration proposed:** It is proposed to pay Managerial Remuneration to Mr. Karan Singh Baid for an amount not exceeding Rs. 2,50,000/- per month.
6. **Comparative Remuneration in the Industry:** Considering the nature of industry and specialty of services rendered by Mr. Karan Singh Baid and also considering the complex role performed by Mr. Karan Singh Baid no comparative remuneration of industry is available for information.
7. **Material Pecuniary Relationship:** The Company does not have any material pecuniary relationship with Mr. Karan Singh Baid.

## III Other information:

1. **Reason for inadequate Profit and measures taken for improvement:** The bottom-line of the company has been increasing steadily over past 3 years. The Company has focused on exports. The Company had to raise its bar on quality and processes to match international standards and in the process, spent substantially on inputs for the same. Also, competitive offer prices for penetration in new markets and offering of new products, resulted in substantial pressure on margin. The Company is taking every possible steps to increase the business volume and thereby profitability.
2. **Expected Increase in Profits in Measurable Terms:** Considering the proposed businesses and the projects of the Company, it is not possible to ascertain and quantify the expected increase in profits in measurable terms at this stage. However company expects 20% to 25% growth in income and profitability in next 3 years.



The terms and conditions including remuneration may also be treated as an abstract of the terms of appointment of the Managing Director as required under Section 302 of the Companies Act, 1956.

The Board of Directors recommends to the shareholders the adoption of the above resolution as contained in the notice. The copy of letter showing payment of remuneration to Mr. Karan Singh Baid will be available for inspection of the members at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any working day.

No other Director except Mr. Karan Singh Baid is concerned or interested in the above resolution.

**Item No. 7 Increase in Remuneration of Mr. Arvind Dadha, Whole Time Director:**

Considering the progress made by the Company under the able guidance and supervision of Mr. Arvind Dadha, it is proposed to increase managerial remuneration w.e.f. 01.10.2012 till the period of this unexpired term for an amount not exceeding Rs. 2,50,000/- per month. The Proposed remuneration has been approved by the Board of Directors and recommended by Remuneration Committee in their respective meetings and the same is in compliance with the conditions of Schedule XIII to the Companies Act, 1956, as amended. The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year.

**STATEMENT OF INFORMATION AS REQUIRED UNDER SCHEDULE XIII, PART II, SECTION II (B) (IV):**

**I: General Information about the Company:**

- 1. Nature of Industry:** The object of the company for which it is formed is to manufacturing and trading of polished gems, diamonds and other stones.
- 2. Date of Commencement of Commercial Production:** The Company was incorporated on 30th October, 1990. Immediately after incorporation, the Company has commenced commercial operation and till date the Company is engaged in the business of manufacturer, trading of polished gems, diamonds and other stones.
- 3. Financial Performance Based on Given Indicators:** The financial data as per last audited Balance Sheet as on 31st March, 2012 are as under:

<b>Particulars</b>	<b>For the Year ended 31.03.2012 (Rs.)</b>
Total Income	115,98,24,340
Net Profit Before Depreciation and Tax	2,15,13,512
Depreciation	23,30,517
Net Profit Before Tax	1,91,82,995
Provision for Taxation	65,79,000
Net Profit after Tax	1,22,46,007



- 4. Export Performance and Net Foreign Exchange Collaborations:** The Company has achieved export turnover of Rs.106,37,48,934/- during the year ended 31st March, 2012. The Company does not have foreign collaborations.
- 5. Foreign Investments or Collaborators:** The Company has not made any investment in foreign body corporate or foreign entities. The Company do not have any foreign collaboration and has not received or invested any money towards foreign collaboration and hence no information to be provided in this respect.

## II: Information about the Appointee:

- 1. Brief Profile of Appointee:.** Mr. Arvind Dadha holds B.com Degree from Mumbai University having an experience of 10 years in the Industry.
- 2. Past remuneration:** In the past, Mr. Arvind Dadha has drawn Remuneration upto Rs. 1,00,000/- p.m. from the Company.
- 3. Recognition and Award received in past:** Mr. Arvind Dadha is associated with the various Social Organizations. However there is no reportable Recognition and Award received.
- 4. Job Profile and Suitability:** Mr. Arvind Dadha is responsible for manufacturing and marketing functions of the Company.
- 5. Remuneration proposed:** It is proposed to pay Managerial Remuneration to Mr. Arvind Dadha for an amount not exceeding Rs. 2,50,000/- per month.
- 6. Comparative Remuneration in the Industry:** Considering the nature of industry and specialty of services rendered by Mr. Arvind Dadha and also considering the complex role performed by Mr. Arvind Dadha no comparative remuneration of industry is available for information.
- 7. Material Pecuniary Relationship:** Mr. Kanti Kumar Dadha, Father of Mr. Arvind Dadha is a Managing Director of the Company and draws remuneration from the Company and Mr. Ashish Dadha, brother of Arvind Dadha is a Senior Executive, Finance draws remuneration from the Company.

## III Other information:

- 1. Reason for inadequate Profit and measures taken for improvement:** The bottom-line of the company has been increasing steadily over past 3 years. The Company has focused on exports. The Company had to raise its bar on quality and processes to match international standards and in the process, spent substantially on inputs for the same .Also, competitive offer prices for penetration in new markets and offering of new products, resulted in substantial pressure on margin. The Company is taking every possible steps to increase the business volume and thereby profitability.



- 2. Expected Increase in Profits in Measurable Terms:** Considering the proposed businesses and the projects of the Company it is not possible to ascertain and quantify the expected increase in profits in measurable terms at this stage. However Company expects 20% to 25 % growth in income and profitability in next 3 years.

The terms and conditions including remuneration may also be treated as an abstract of the terms of appointment of the Managing Director as required under Section 302 of the Companies Act, 1956.

The Board of Directors recommends to the shareholders the adoption of the above resolution as contained in the notice. The copy of letter showing payment of remuneration to Mr. Arvind Dadha will be available for inspection of the members at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any working day.

Apart from Mr. Arvind Dadha himself, Mr. Kanti Kumar Dadha, Managing Director of the Company is concerned or interested in the above resolution.

**Item No. 8 Increase in Remuneration of Mr. Ashish Dadha, Relative of Directors Under Section 314(1) of the Companies Act, 1956:**

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. 1,00,000/- to Rs. 1,50,000/- 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, Director being relatives are deemed to be concerned or interested in the resolution. Your Board recommends the passing of the resolution.

**REGISTERED OFFICE:**

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

By and on behalf of  
The Board of Directors  
**GOLKUNDA DIAMONDS & JEWELLERY LTD.**

Date: 29.05.2012

**KANTI KUMAR DADHA**  
(Chairman & Managing Director)



## DIRECTORS' REPORT

To,  
The Member/s,  
**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

The Directors' have pleasure in presenting their 22nd Annual Report and Audited Statement of Accounts for the year ended 31st March, 2012

### FINANCIAL RESULTS:

(Amount in Rs. '000)

PARTICULARS	2011-12	2010-11
Sales & Income from Operation	1159687	1009067
Other Income	137	129
Total Expenditure	1114998	970804
Interest	23313	20772
Profit Before Depreciation and Taxation	21513	17620
Depreciation	2330	2145
Profit Before Taxation	19183	15475
Provision for Taxation	6579	5550
Prior Years Tax Adjustment	404	-
Deferred Tax	(46)	(278)
Profit After Taxation	12246	10203

### OPERATIONS:

This has been another highly successful year for your company. Your company's sales for the year crossed Rs 100 crores to reach Rs 115.00 Crore. With the reasonable recovery in world economy, your company was able to tap many new customers and increased presence in various markets. 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 profitability of the business has also seen improvement and we are focusing on increasing margins substantially.

The forecast for the current year looks very positive across various regions and we are optimistic that we will continue to 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 31.03.2012.

### 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. Ashok Kumar K. Bekal and Mr.



Mangilal Maloo, 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, 2012 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.







## **GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

### **ANNUAL REPORT 2011-2012**

#### **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, 2012 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.

#### **BOARD OF DIRECTORS**

##### **a) Composition (as on 29.05.2012)**

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 2011-12, Nine (9) Board Meetings were held on 30.05.2011, 15.06.2011, 11.07.2011, 28.07.2011, 25.08.2011, 29.08.2011, 29.09.2011, 02.11.2011 and 14.02.2012.

##### **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.**



- 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;
- 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 and fixation of their remuneration.

## REMUNERATION COMMITTEE

### COMPOSITION

The Remuneration Committee was constituted on 15th October, 2003 and comprised 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 30.05.2011. 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.



Name of Director	Category	No. of other Directorships held (Other than Golkunda)	No. of other Committee Chairmanships/ memberships held (Other than Golkunda)	No. of Board Meetings Attended	Attendance at Last AGM held on 29.09.2011
Mr. Kanti Kumar Dadha	Chairman & Managing Director Promoter	1	Nil	9	Yes
Mr. Karan Singh Baid	Whole Time Executive Director Promoter	1	Nil	9	Yes
Mr. Arvind Kumar Dadha	Whole Time Executive Director Promoter	Nil	Nil	9	Yes
Mr. Ashok Kumar K. Bekal	Independent Professional Non-Executive Director	Nil	Nil	4	No
Mr. Gautam Chand Dadha	Independent Non-Executive Director	Nil	Nil	4	No
Mr. Mangilal Maloo	Independent Non-Executive Director	Nil	Nil	4	No

## AUDIT COMMITTEE

### COMPOSITION:

The Audit Committee of the Company was formed on 15th October, 2003 and comprised 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. 30.05.2011, 28.07.2011, 02.11.2011 and 14.02.2012.

Name of Director	Category	No. of Meeting Attended
Mr. Mangilal Maloo	Independent Director	4
Mr. Gautam Chand Dadha	Independent Director	4
Mr. Ashok Kumar K. Bekal	Professional Independent Director	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;

**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 31.03.2012 are as follows:

Name	Relation with Golkunda	Inter-se Relation	Salary	Stock Option	Comm-ission	Contribution to Provident Fund and other funds	Perq-uisites	Total
Mr. Kanti Kumar Dadha	Chairman and Managing Director	NA	764400	0	0	21420	125821	911641
Mr. Karan Singh Baid	Whole Time Director	NA	698250	0	0	16020	21750	736020
Mr. Arvind Kumar Dadha	Whole Time Director	Son of Mr. Kanti Kumar Dadha	698250	0	0	16020	17908	732178

**Notes:**

- Mr. Kanti Kumar Dadha was re-appointed as Chairman and Managing Director at Annual General Meeting held on 29.09.2009 with effect from 1st October, 2009 upto 30th September, 2014.
- Mr. Arvind Kanti Kumar Dadha was re-appointed as Whole Time Director at Annual General Meeting held on 29.09.2009 with effect from 1st October, 2009 upto 30th September, 2014.
- Mr. Karan Singh Baid was re-appointed as Whole Time Director at Annual General Meeting held on 29.09.2011 with effect from 10th November, 2011 upto 9th November, 2014.

**DETAILS OF REMUNERATION / COMPENSATION PAID TO THE NON- EXECUTIVE / INDEPENDENT DIRECTOR DURING THE YEAR ENDED 31.03.2012:**

Name of Director	No. of Board Meetings Attended	Sitting Fees Paid (in Rs.)
Mr. Mangilal Maloo	4	20,000
Mr. Gautam Chand Dadha	4	20,000
Mr. Ashok Kumar K. Bekal**	4	0

The Non-Executive Directors are paid sitting fees of Rs. 5,000/- per meeting for attending Board Meeting.

\*\* Mr. Ashok Kumar K. Bekal has waived his sitting fees for attending the meeting of Board of Directors.

**DISCLOSURE OF SHAREHOLDING BY NON – EXECUTIVE DIRECTORS**

Sr. No	Name of Director	No. of Shares Held
1	Mr. Ashok Kumar K. Bekal	NIL
2	Mr. Gautam Chand Dadha	200
3	Mr. Mangilal Maloo	NIL

**DETAILS OF DIRECTORS SEEKING RE – ELECTION**

Mr. Ashok Kumar K. Bekal and Mr. Mangilal Maloo retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re – election.

The Additional information and experience relating to these Directors as required under Clause 49 VI (A) of the Listing Agreement with the Stock Exchange is furnished below:

Name of the Director	Mr. Ashok Kumar K. Bekal	Mr. Mangi Lal Maloo
Date of Birth	01.11.1956	10.10.1946
Date of Appointment	10.04.2003	30.04.2010
Qualification	B.A. L.L.B.	B.Com
Expertise in specific Functional areas	Legal Matters	Accounts & Finance
Name(s) of other Public companies in which Directorship held	NIL	NIL
Name(s) of Companies in which Committee Membership(s) / Chairmanship(s) held (as per Clause 49 of the Listing Agreement with the Stocks Exchanges)	NIL	NIL

**SHAREHOLDER GRIEVANCE & SHARE TRANSFER COMMITTEE****COMPOSITION AND ATTENDANCE OF MEMBERS**

22 meetings of the Shareholder's Grievance & Share Transfer Committee were held during the year 2011-2012. The attendance of members was as follows:

Sr. No	Name of Director	Designation	Category
1	Mr. Mangi Lal Maloo	Chairman	Independent Non-Executive Director
2	Mr. Gautam Chand Dadha	Member	Independent Non-Executive Director
3	Mr. Ashok Kumar K. Bekal	Member	Professional Independent Non-Executive Director

**BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The Company has constituted Share Transfer Committee, which was re-constituted as Shareholders Grievance & Share Transfer Committee, which specifically looks into the approval of share transfer requests received by the Company, approval of demat request received by the Company, redressing of shareholders and investors complaints, non-receipt of Balance Sheet, etc.

**NAME AND DESIGNATION OF COMPLIANCE OFFICER**

Mr. Karan Singh Baid, Director of the Company acts as Compliance Officer of the Company.

**DETAIL OF SHAREHOLDERS COMPLAINTS RECEIVED, SOLVED, NOT SOLVED AND PENDING SHARE TRANSFERS DURING THE YEAR**

Number of Shareholders' Complaints received	12
Number resolved to the satisfaction of shareholders	12
Number of pending complaints	NIL

**GENERAL BODY MEETINGS**

Year	Date	Time	Venue
2011	29 <sup>th</sup> September, 2011	4.00 P.M.	Banquet Hall, Matoshri Arts & Sports Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai 400 093.
2010	24 <sup>th</sup> September, 2010	4.00 P.M.	Banquet Hall, Matoshri Arts & Sports Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai 400 093.
2009	29 <sup>th</sup> September, 2009	4.00 P.M.	Banquet Hall, Matoshri Arts & Sports Club, Jogeshwari - Vikhroli Link Road, Andheri (E), Mumbai 400 093.

**DETAILS OF SPECIAL RESOLUTIONS PASSED DURING THE LAST 3 A.G.M.s OR ANY SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT**

- The Company has passed Special Resolution at the Annual General Meeting held on 29.09.2011 in respect of:
  - Reappointment of and payment of Remuneration to Mr. Karan Singh Baid as whole time Director;
  - Increase in Remuneration of Mr. Ashish Dadha & Mr. Arvind Dadha.
  - Alteration of Articles of Association.
- The Company has not passed any resolution through postal Ballot in the previous financial year.
- During the year, the Company do not proposes to pass any special resolution through Postal Ballot.

**CODE OF CONDUCT**

- The Board of Directors has approved Code of Conduct applicable to Directors, Officers and Designated Employees. The Code of Conduct has been made effective from April 01, 2005. The Company has obtained declarations from the Directors, Senior Management Personnel affirming their compliances with the applicable Code of Conduct.
- The Certificate of compliance of code of conduct, by Directors, Senior Management Personnel, certified by the Managing Director is annexed to the Corporate Governance Report.

**DISCLOSURES**

- a) There were no materially significant related party transactions during the year having conflict with the interests of the Company.
- b) Disclosures of Related party transactions as required by Accounting Standard – 18 have been given in the Note no: 24 of Schedule no. K attached to the Accounts.
- c) There has been no non-compliance by the Company or penalty or strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years.
- d) It is hereby affirmed that no personnel has been denied the access to the Audit Committee of the Board.

**MEANS OF COMMUNICATION**

Quarterly Results	Quarter Ended	Board Meeting in which Approved
1 <sup>st</sup> Quarter	30.06.2011	28.07.2011
2 <sup>nd</sup> Quarter	30.09.2011	02.11.2011
3 <sup>rd</sup> Quarter	31.12.2011	14.02.2012
The Company has, in compliance with Clause 41 of the Listing Agreement, approved the audited Annual Results for the last quarter of the financial year 2011-12 at the Board meeting held on 29.05.2012.		
Which newspaper normally published in	Free Press Journal and Navshakti	
Any Website, where displayed	www.golkunda.com	
Whether it also display official news releases,	No	

**GENERAL SHAREHOLDER INFORMATION**

1	Date, time and the venue of 22 <sup>nd</sup> AGM	28th September, 2012 at 4.00 P.M. "Banquet Hall", Matoshri Arts & Sports Club, J. V. Link Road, Jogeshwari (E), Mumbai – 400093
2	Financial Calendar	April 01, 2011 to March 31, 2012





3	Date of Book Closure	<b>22.09.2012 to 28.09.2012 (both days inclusive)</b>				
4	Dividend Payment Date	N.A.				
5	Listing on Stock Exchanges	The Mumbai Stock Exchange The Jaipur Stock Exchange				
6	BSE Stock code	523676				
7	Stock market price data for the last financial year ended March 31, 2012 on The Stock Exchange, Mumbai is as under:					
	<b>Date</b>	<b>Open (Rs.)</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>	<b>Close (Rs.)</b>	<b>No. of Shares</b>
	April 2011	13.00	15.35	11.50	15.35	3881
	May 2011	15.00	15.95	11.45	11.85	5619
	June 2011	12.40	15.15	12.40	13.00	8766
	July 2011	12.40	16.60	12.40	15.00	7400
	August 2011	15.50	15.75	14.26	14.26	5645
	September 2011	14.50	15.50	14.10	15.33	1644
	October 2011	14.75	17.00	14.75	17.00	1516
	November 2011	16.20	16.80	14.20	15.30	2638
	December 2011	14.75	15.15	11.90	13.55	4461
	January 2012	13.50	13.50	12.27	13.42	1601
	February 2012	14.06	14.68	13.00	14.00	10118
	March 2012	14.70	14.70	12.00	12.35	4944

8	Registrar & Share Transfer Agent	Sharex Dynamic (India) Private Limited (formerly known as M/s. Sharex (India) Pvt. Ltd.) 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai – 400 001.
9	Share Transfer System	The Company's shares are traded in the Stock Exchange compulsorily in demat mode. Shares sent for physical transfer or dematerialization requests are registered promptly within stipulated time from the date of receipt of completed and validly executed documents.
10	Distribution of shareholding as on March 31, 2012	

No. of Shares Nominal Value	No. of Shareholders	% of Shareholders	Total No. of Shares	% of Shareholding
1 to 5000	9548	96.08	12685090	18.22
5001 to 10000	263	2.65	2286740	3.28
10001 to 20000	66	0.66	1069150	1.54
20001 to 30000	21	0.21	516580	0.74
30001 to 40000	11	0.11	399820	0.57
40001 to 50000	9	0.09	424760	0.61
50001 to 100000	8	0.08	559580	0.80
100001 and above	12	0.12	51699080	74.24
<b>TOTAL</b>	<b>9938</b>	<b>100.00</b>	<b>69640800</b>	<b>100.00</b>



11	Dematerialization of Shares and liquidity	As on 31.03.2012, 84.33 % of the Company's Equity Shares representing 5872785 Equity Shares were held in dematerialized form with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).
12	Outstanding GDR's / ADR's / Warrants or any Convertible instruments.	The Company does not have outstanding GDRS / ADRS / Warrants or any Convertible instruments.
13	Plant Location (Development Centre)	G-30, Gems & Jewellery, Complex III, SEEPZ, Andheri (E), Mumbai 400 096  307/308, Kapadia Industrial Estate, Andheri Kurla Road, Chakala, Andheri (E), Mumbai – 400 093
14	Address for Correspondence (for dematerialization/ transfer of shares, payment of dividend on shares, and any other query relating to the shares of the Company  For any other queries	Sharex Dynamic (India) Pvt. Ltd. (Formerly known as M/s. Sharex (India) Pvt. Ltd.) 17/B, Dena Bank Building, 2 <sup>nd</sup> Floor, Horniman Circle, Fort, Mumbai – 400 001.  G-30, Gems & Jewellery, Complex III, SEEPZ, Andheri (E), Mumbai 400 096
15	Secretarial Audit	A qualified practicing Company Secretary carry out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
16	Compliance Officer	Mr. Karan Singh Baid G-30, Gems & Jewellery, Complex III, SEEPZ, Andheri (E), Mumbai 400 096 Tel No. 022-28290155/56 Fax 022-28290373



17	Shareholding pattern as on March 31, 2012		
	<b>Category</b>	<b>No. of Shares</b>	<b>% of total</b>
	Promoter's holding	5015755	72.02
	Mutual Funds and UTI	0	0
	Financial Institution / Banks	100	0.001
	Foreign Institutional Investors	0	0
	NRIs / OCBs	1287	0.02
	Companies / Bodies Corporate	113799	1.63
	Clearing Members	105	0.002
	General Public	1833034	26.32
	<b>Total</b>	<b>6964080</b>	<b>100.00</b>

FOR AND ON BEHALF OF BOARD  
**FOR GOLKUNDA DIAMONDS & JEWELLERY LTD.**

**KANTI KUMAR DADHA**  
(CHAIRMAN AND MANAGING DIRECTOR)

PLACE: MUMBAI  
DATE: 29<sup>th</sup> May, 2012



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments:

The Company is a part of an Industry, which largely operates through unorganized constituents. However, unlike the industry, the Company has attempted to operate through as systematic and organized manner as possible. However, since Diamonds and Jewellery is one industry, in which India holds, commendable position in the world, akin to the software industry, one can look forward to more international involvement coming up in this industry.

### Opportunities and Threats:

Following can be termed as the opportunities / strengths of the Company:

- Induction of widely experienced and specialized personnel on the Board.
- Good combination of technical as well as advisory personnel in the management.
- More and more benefits and exemptions are likely to come in the way of exports and Special Economic Zones and the Company, having commendable exports and being situated in SEEPZ - SEZ, is likely to receive the advantage of the same.
- Some of the world retail majors have decided some time back to source part of their requirements from India. This shall further the growth of the Diamond industry in India.
- The unfavorable government policies cut throat competition amongst manufacturers and exporters remains major concerns for the Gems and Jewellery Business.

### Outlook:

The Company has done well in the current year and expects to achieve a really good percentage of market share in the Diamond manufacturing and Jewellery marketing fields. The outlook for the Company can therefore be termed as optimistic and expects higher growth than inflation and average growth in the industry.

Growth of the Gems and Jewellery Industry is expected to be moderate to better in the years to come depending on the policies of the Government. However Gems and Jewellery Industry is seeing robust growth in the years to come. The Growth rate of the Gems and Jewellery Industry is closely related to the growth of the other Sector and hence movements and developments in the other sectors would also indirectly affect the future of Gems and Jewellery Industry.

### Risks and Concerns:

Following can be some of the risks and concerns the Company needs to be wary of:

- The largely unorganized structure of the market can affect the systematic functioning of the Company
- Political instability, which has a tremendous impact on the capital markets.
- Likely opening up of the economy, which can be a double-edged sword.
- The Diamond market in India is heavily influenced by the US Markets.
- The major income component of the Company being exports, changes in economies or government policies of the countries to which the Company is exporting may also affect the operations of the Company.
- Increasing competition among the Indian Exporters in this industry.



### **Internal Control Systems and their Adequacy:**

The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials, components, plant and machinery, equipment and other assets, and for the sale of goods.

The Company also has in place an Audit Committee to have a periodic over view of the internal control procedures of the Company. The Audit committee is accessible at all times to the employees of the Company for any improvement to be recommended in the procedures in place.

### **Discussion on Financial Performance of the Company:**

The financial performance of the Company has steadily grown in the year under review.

The sales were Rs. 1159687340/- as compared to Rs. 1009067193/- in the previous year. The Profit after tax in the current year increased to Rs. 12246007/- as against Rs. 10203023/- in the previous year. All though the sales has increased, the bottom line has not increased proportionately on account of heavy raw material costs, manufacturing costs and overheads.

### **Export performance and Foreign Exchange earnings:**

The Company is making contribution to the foreign exchange earnings by the Country in view of the fact that the Export and Foreign exchange earnings stood at Rs. 1062063446/- during the financial year under review.

### **Industrial Relations and Human Resources:**

The Company considers that its relationship with its employees is vital and ensures that employees feel valued and is endeavoring to create an environment and culture within which every employee can put his best efforts and maximize his contribution.

The Company ensures that all its employees remain competent through education, skills, training and experience as necessary. The Company has had cordial relations between the management and employees and an atmosphere of harmonious working to achieve the business objectives of the Company throughout the year. The Company is poised to motivate each of its employees to perform to the fullest extent possible and to appropriately reward their excellence.

### **Cautionary Note:**

Statements in this report and Corporate Governance Report read together with the Directors' Report and financial statement describing the Company's objectives, projections, estimates, expectations and predictions, may be "forward looking statements". Actual results may differ from those expressed or implied due to variations in prices of raw materials, seasonal demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other incidental factors.



**CERTIFICATE OF COMPLIANCE TO BE GIVEN BY THE CEO/CFO OF THE COMPANY.**

I, Mr. Kanti Kumar Dadha, Chairman & Managing Director of Golkunda Diamonds & Jewellery Limited, hereby certify on behalf of the Board of Directors that:

- 1) The Board have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2012 and that to the best of their knowledge and belief:
  - A) these statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading;
  - B) statements present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) To the best of our knowledge and belief, no transactions entered into by the company during the year which is fraudulent, illegal or violative of the company's code of conduct.
- 3) The Board accepts responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they have taken or propose to take to rectify these deficiencies.
- 4) The Board have indicated to the auditors and the Audit Committee:
  - A) There are no significant changes in internal control during the year;
  - B) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to Financial Statements; and
  - C) There have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems.

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

By and on behalf of  
The Board of Directors  
**GOLKUNDA DIAMONDS & JEWELLERY LTD.**

Date: 29.05.2012

**KANTI KUMAR DADHA**  
(Chairman & Managing Director)



To,  
The members of  
**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

**DECLARATION BY THE CHIEF EXECUTIVE OFFICER UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

I, Kanti Kumar Dadha, Chairman & Managing Director of GOLKUNDA DIAMONDS & JEWELLERY LIMITED, to the best of my knowledge and belief, declare that all the members of Board of Directors, Senior Management Personnel, Designated Employees have affirmed Compliance with the Code of Conduct for the year ended 31<sup>st</sup> March 2012.

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

By and on behalf of  
The Board of Directors  
**GOLKUNDA DIAMONDS & JEWELLERY LTD.**

Date: 29.05.2012

**KANTI KUMAR DADHA**  
(Chairman & Managing Director)

---



**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMEBRS OF GOLKUNDA DIAMONDS & JEWELLER LTD**

1. We have examined the compliance of conditions of Corporate Governance by Goltkunda Diamonds & Jewellery Ltd for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanation given to us and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. Our Reliance upon the certificate received by the Company from its Registrar for the number of complaints received from the shareholders and the number of complaints resolved during the financial year and the number of complaints pending at the year end as stated in Company's report on the Corporate Governance.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For A.J. Baliya & Associates**  
Chartered Accountants

**(M.P. MODY)**  
Partner

Membership No. FCA 42975

Place : Mumbai

Dated : 29th May, 2012.





## AUDITORS' REPORT

### To the Members of GOLKUNDA DIAMONDS & JEWELLERY LTD.

1. We have audited the attached Balance Sheet of Golkunda Diamonds & Jewellery Limited as at March 31, 2012 and the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto ( together referred to as ' financial statements' ). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to extent applicable.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;  
  
In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
  - (D) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
  - (ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 5 On the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956;

**FOR A.J. BALIYA & ASSOCIATES**  
Chartered Accountants

**(CA M. P. MODY)**  
Partner  
Membership No.FCA 42975

PLACE: MUMBAI  
DATED: 29th MAY, 2012.



## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of our report of even date]

- (1) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us the Management is in the process of reconciling the results of such physical verification with the fixed assets register. Management believes that differences if any, arising out of such reconciliation are not expected to be material.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (2) In respect of its inventories:
  - (a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (3) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained Under Section 301 of the Companies Act, 1956.
- (4) In our opinion and according to the information and explanations given to us, there exist adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control.
- (5) (a) In our opinion and according to the information and explanations given to us, the contracts and arrangements that need to be entered in the register maintained under Section 301 of the Companies Act 1956, have been entered in the said register.
  - (b) In our opinion and according to the information and explanations given to us,



transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956, and exceeding the value of Rupees five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

- (6) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (7) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- (8) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 in respect of activities of manufacturing of Studded Jewellery and are of the opinion that prime facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (9) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Cess, Service Tax and other material statutory dues applicable to it with the appropriate authorities. As explained to us, there were no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable.
- (b) There are no dues of Sales-Tax, Custom Duty, Wealth-Tax, Excise Duty, Service Tax or Cess which have not been deposited on account of any dispute. The details of dues of Income Tax which have not been deposited as at 31st March, 2012 by the Company on account of dispute are given below:

Particulars	Assessment years to Which the matters Pertains	Forum where dispute is pending	Amount Rs.
Income Tax Act, 1961	2007-08	Income Tax officer	8,83,181/-
	2009-10	Income Tax officer	72,110/-

- (10) The Company has no accumulated losses at the end of the financial year and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (11) In our opinion and according to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to banks.



- (12) According to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) The Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (14) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (15) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from banks and financial institutions.
- (16) In our opinion and according to the information and explanation given to us, the term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained, other than amount temporary deployed pending utilization of the funds for the intended use.
- (17) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet, we report that funds raised on short-term basis have not been used during the year for long term investment.
- (18) According to the information and explanations given to us, the year Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (19) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (20) According to the information and explanations given to us, during the year covered by our audit report, the Company has not raised any money by public issue.
- (21) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the Management.

**FOR A.J. BALIYA & ASSOCIATES**  
Chartered Accountants

**(CA M. P. MODY)**  
Partner

Membership No.FCA 42975

PLACE: MUMBAI  
DATED: 29th MAY, 2012.



**BALANCE SHEET AS AT 31st MARCH, 2012**

	Note No.	End of	
		Current Reporting Year	Previous Reporting Year
		March 31,	
		2012	2011
<b>EQUITY AND LIABILITIES :</b>			
<b>Shareholders' Funds :</b>			
Share Capital	1	69,640,800	69,640,800
Reserves and Surplus	2	72,019,952	59,773,945
		141,660,752	129,414,745
<b>Non - Current Liabilities :</b>			
Long Term Borrowings	3	509,210	651,046
Deferred Tax Liabilities [ Net ]	25	983,408	1,030,370
Long Term Provisions		3,013,935	2,672,436
		4,506,553	4,353,852
<b>Current Liabilities :</b>			
Short Term Borrowings	4	312,527,254	280,215,081
Trade Payables	5	80,521,814	68,256,823
Other Current Liabilities	6	2,415,436	1,513,567
Short Term Provisions	7	5,510,149	8,012,205
		400,974,653	357,997,676
	<b>Total</b>	<b>547,141,958</b>	<b>491,766,273</b>
<b>ASSETS :</b>			
<b>Non - Current Assets :</b>			
<b>Fixed Assets :</b>			
Tangible Assets	8	28,803,906	14,892,917
Intangible Assets		68,031	136,892
		28,871,937	15,029,609
Long Term Loans and Advances	9	740,749	609,473
Other Non Current Assets	10	52,798	110,695
		793,547	720,168
<b>Current Assets :</b>			
Inventories	11	111,600,840	131,441,209
Trade Receivables	12	375,581,579	313,710,453
Cash and Cash Equivalents	13	18,892,958	15,774,604
Short Term Loans and Advances	14	11,401,097	15,090,230
		517,476,474	476,016,496
	<b>Total</b>	<b>547,141,958</b>	<b>491,766,273</b>
Significant Accounting Policies and Notes to the Financial Statements 1 to 33			

As per our report of even date

**FOR A.J. BALIYA & ASSOCIATES**  
Chartered Accountants

For and on behalf of Board of Directors

**(CA M.P. MODY)**  
Partner  
Membership No.: FCA 42975

**KANTIKUMAR DADHA**  
Chairman & Managing Director

**KARANSINGH BAID**  
Executive Director

Place : Mumbai  
Dated : 29<sup>th</sup> May, 2012

**ARVIND DADHA**  
Executive Director



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Note No.	End of	
		Current Reporting Year	Previous Reporting Year
		March 31,	
		2012	2011
<b>REVENUE :</b>			
Revenue from Operations	16	1,159,687,340	1,009,067,193
Other Income	17	137,000	129,140
<b>Total Revenue</b>		<b>1,159,824,340</b>	<b>1,009,196,333</b>
<b>EXPENSES :</b>			
Cost of Materials Consumed	18	484,486,150	305,262,626
Purchases of Stock-in-Trade	19	563,610,652	638,608,249
Changes in Inventories of Finished goods	20	3,844,603	(33,060,734)
Employee Benefits Expense	21	31,929,152	31,539,728
Finance Cost	22	28,551,213	23,349,407
Depreciation	8	2,330,517	2,144,673
Other Expenses	23	25,889,058	25,876,894
<b>Total Expenses</b>		<b>1,140,641,345</b>	<b>993,720,843</b>
Profit before Tax		19,182,995	15,475,490
Less / [ Add ] : Tax Expense			
Current Tax		6,579,000	5,550,000
Deferred Tax	25	(46,962)	(277,533)
Prior year's tax adjustments		404,950	-
Profit after Tax		<b>12,246,007</b>	<b>10,203,023</b>
Profit for the year from continuing operations		<b>12,246,007</b>	<b>10,203,023</b>
Earning per Equity Share [EPS] [ in Rupees ]	26		
Basic		1.76	1.47
Diluted		1.76	1.47
Significant Accounting Policies and Notes to the Financial Statements	1 to 33		

**As per our report of even date**

**FOR A.J. BALIYA & ASSOCIATES**  
Chartered Accountants

**For and on behalf of Board of Directors**

**(CA M.P. MODY)**  
Partner  
Membership No.: FCA 42975

**KANTIKUMAR DADHA**  
Chairman & Managing Director

**KARANSINGH BAID**  
Executive Director

Place : Mumbai  
Dated : 29<sup>th</sup> May, 2012

**ARVIND DADHA**  
Executive Director



**Notes to the Financial Statements**

	End of	
	Current Reporting Year	Previous Reporting Year
	March 31,	
	2012	2011
<b>Note : 1 - Share Capital :</b>		
<b>Authorised :</b>		
70,00,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
<b>Issued, Subscribed and Fully Paid-up Equity Shares :</b>		
69,64,080 Equity Shares of Rs.10/- each fully paid up	69,640,800	69,640,800
	<b>69,640,800</b>	<b>69,640,800</b>

i) The reconciliation of the number of Shares outstanding as at March 31, 2012 and as at March 31, 2011 is as under:

	Nos	Nos
Number of shares at the beginning	6,964,080	6,964,080
Issued during the year	-	-
Number of shares at the end	6,964,080	6,964,080

ii) The equity share holders of the Company are entitled to receive final dividend as declared and approved by the Board of Directors and/ or the share holders of the Company. The dividend so declared will be in proportion to the number of equity shares held by the share holders.

iii) In the event of the liquidation of the Company, equity share holders will be entitled to receive remaining assets of the company after distribution of all preference share holders. However, no such Preference share capital exist during the year. The distribution will in proportion to the number of equity shares held by the share holders.

iv) Details of Share Holders holding more than 5% of Equity Shares as at March 31, 2012 are as under:

Name of Share Holder	No of Shares	% of Holding
Neverloose Properties & Invt Pvt Ltd	3900291	56.01

**Note : 2 - Reserve and Surplus**

Share Premium Account:	2,800,000	2,800,000
Balance as per last Balance Sheet		
Other Reserves :		
General Reserve :		
Balance as per last Balance Sheet	2,500,000	-
Add : Transfer from Surplus	-	2,500,000
	<b>2,500,000</b>	<b>2,500,000</b>
Surplus :		
Balance as per last Balance Sheet	54,473,945	50,831,285
Add : Profit for the year	12,246,007	10,203,023
Less : Appropriations :		
Dividends :		
Proposed Dividend	-	3,482,040
Corporate Dividend Tax on Proposed Dividend	-	578,323
Transfer to General Reserve	-	2,500,000
Balance as at year end	<b>66,719,952</b>	<b>54,473,945</b>
<b>Total</b>	<b>72,019,952</b>	<b>59,773,945</b>





**Notes to the Financial Statements**

	End of	
	Current Reporting Year	Previous Reporting Year
	March 31,	
	2012	2011
General Reserve can be used for :		
a Issue of Bonus Shares		
b Set off of Losses of the Company, if any,		

**Note : 3 - Long Term Borrowings :**

Secured		
A. From Financial institutions	509,210	651,046
Total	<b>509,210</b>	<b>651,046</b>
i) Securities for Term Loan:		
a Secured by hypothecation of Vehicles		
ii) Terms of repayment :		
a Monthly EMI		
iii) There are no defaults in repayment of loan and interest thereon as on March 31, 2012 for the loan under this head.		

**Note : 4 - Short Term borrowings :**

<b>Secured Loans repayable on Demand :</b>		
A. Post Shipment Credit	210,208,016	190,758,550
B. Export Packing Credit	102,319,238	89,456,531
Total	<b>312,527,254</b>	<b>280,215,081</b>
<b>Securities for Loans :</b>		
A Secured by hypothecation of receivables, equitable mortgage of office premises and personal guarantee of three Directors of the Company.		
B Secured by hypothecation of raw materials, material in process, finished goods, equitable mortgage of office of office premises & personal guarantee of three Directors of the Company.		
C There are no continuous defaults in repayment of loan and interest thereon as on March 31, 2012 for all the loans under this head.		

**Note : 5 - Trade Payables :**

Micro, Small and Medium Enterprises :	-	-
Others	80,521,814	68,256,823
Total	<b>80,521,814</b>	<b>68,256,823</b>
i) There was no amount due to small scale under taking exceeding ₹. 1 Lac each outstanding for more than 30 days at the close of the year. This disclosure is based on the document / information available to the company regarding their status of the small scale undertaking.		
ii) The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		

**Notes to the Financial Statements****Note : 6 - Other Current Liabilities :**

Unclaimed Dividends	311,725	-
Other Payables/Provision:		
Other Payables	1,935,913	1,404,087
Payable to Statutory Authorities	167,798	109,480
Total	<b>2,415,436</b>	<b>1,513,567</b>

**Note : 7 - Short Term Provisions :**

Corporation Tax Payable (net of advance paid)	5,510,149	3,951,842
Others :		
Proposed Dividend	-	3,482,040
Corporate Dividend Tax on Proposed Dividend	-	578,323
Total	<b>5,510,149</b>	<b>8,012,205</b>



**Note : 8 - Fixed Assets**

Nature of Fixed Assets	Gross Block				Depreciation			Net Block		
	As at 31-03-11	Additions During the year	Sales and / or adj. during the year	As at 31-03-12	Up to 31-03-11	For the year	On Sales and / or adj. during the year	Up to 31-03-12	As at 31-03-12	As at 31-03-11
<b>Tangible Assets :</b>										
Buildings	6,996,697	14,659,944		21,656,641	4,060,935	473,160		4,534,095	17,122,546	2,935,762
Plant & Machinery	15,006,765	411,500		15,418,265	8,148,508	726,499		8,875,007	6,543,258	6,868,257
Furniture and Fixtures	7,121,358	210,850		7,332,208	6,145,978	458,042		6,604,020	728,188	975,380
Factory/Office Equipments	1,283,891	97,700	53,000	1,328,591	435,394	62,475	18,391	479,478	849,113	848,497
Vehicles	1,887,994	634,355		2,522,349	423,167	233,366		656,533	1,865,816	1,464,827
Vault	144,180			144,180	53,817	6,849		60,666	83,514	90,363
Air Conditioners	1,669,608	154,667	74,000	1,750,275	816,949	83,203	30,788	869,364	880,911	852,659
Electrical Installations	2,399,368	52,050		2,451,418	1,764,253	115,085		1,879,338	572,080	635,115
Dies & Moulds	1,567,274			1,567,274	1,567,274	-		1,567,274	-	-
Computers	1,450,893	29,600		1,480,493	1,218,836	103,177		1,322,013	158,480	232,067
<b>Sub-Total (A)</b>	<b>39,528,028</b>	<b>16,250,666</b>	<b>127,000</b>	<b>55,651,694</b>	<b>24,635,111</b>	<b>2,261,856</b>	<b>49,179</b>	<b>26,847,788</b>	<b>28,803,906</b>	<b>14,892,917</b>
<b>Intangible Assets :</b>										
Computer Software	423,571			423,571	286,879	68,661		355,540	68,031	136,692
<b>Sub-Total (B)</b>	<b>423,571</b>	<b>-</b>	<b>-</b>	<b>423,571</b>	<b>286,879</b>	<b>68,661</b>	<b>-</b>	<b>355,540</b>	<b>68,031</b>	<b>136,692</b>
<b>Total (A+B)</b>	<b>39,951,599</b>	<b>16,250,666</b>	<b>127,000</b>	<b>56,075,265</b>	<b>24,921,990</b>	<b>2,330,517</b>	<b>49,179</b>	<b>27,203,328</b>	<b>28,871,937</b>	<b>15,029,609</b>
2010-11	39,842,931	1,788,916	1,680,248	39,951,599	23,209,077	2,144,673	431,760	24,921,990	15,029,609	16,633,854



**Notes to the Financial Statements**

**Note : 9 - Long Term Loans and Advances :**

	End of	
	Current Reporting Year	Previous Reporting Year
	March 31,	
	2012	2011
[Unsecured, Considered Good] Advances recoverable in cash or in kind or for value to be received : Income Tax	95,018	6,950
	645,731	602,523
Total	<b>740,749</b>	<b>609,473</b>

**Note : 10 - Other Current Assets :**

Unamortized Expenditure Share issue expenses to the extent not w/off	52,798	110,695
Total	<b>52,798</b>	<b>110,695</b>

**Note : 11 - Inventories :**

<b>Classification of Inventories :</b>		
a) Raw Materials	50,945,748	66,965,574
b) Traded Goods	59,483,181	63,258,834
c) Work in Progress	-	68,950
d) Stores and Spares	1,171,911	1,147,851
Total	<b>111,600,840</b>	<b>131,441,209</b>

The Inventory is valued at lower of cost and net realisable value.

**Note : 12- Trade Receivables :**

(Unsecured, Considered good) Over Six Months	1,341,721	14,799,268
Others	374,239,858	298,911,185
Total	<b>375,581,579</b>	<b>313,710,453</b>

**Note : 13- Cash and Cash Equivalents :**

Balances with Banks	2,779,215	572,809
Cash on Hand	225,509	383,193
FDR/TDRS with Bank	15,888,235	14,818,602
Total	<b>18,892,958</b>	<b>15,774,604</b>
<b>Earmarked balances with banks:</b>		
i) Balances with Banks in unclaimed dividend account	311,725	-
ii) Company keeps Fixed deposit with the Nationalised/ Private Banks, these deposits. can be withdrawn by the company as per its own discretion / requirement of funds.	15,888,235	14,818,602
iii) Company maintains current accounts mainly with Nationalised /Private Banks.	2,467,490	572,809



**Notes to the Financial Statements**

**Note : 14 - Short Term Loans and Advances :**

	End of	
	Current Reporting Year	Previous Reporting Year
	March 31,	
	2012	2011
<b>[Unsecured, Considered Good]</b>		
Security Deposit	479,010	1,424,288
Advance recoverable in cash or kind	879,160	5,938,797
Prepaid expenses	3,579,687	3,706,171
Loans to employees	112,655	118,803
Vat refundable	6,350,585	3,902,171
Total	<b>11,401,097</b>	<b>15,090,230</b>

**Note : 15 - Contingent Liabilities and commitment to the extent not provided for :**

	2012	2011
<b>j) Contingent Liabilities :</b>		
<b>a</b> In respect of guarantees given by Banks and / or counter guarantees given by the Company	Uncertainable	Uncertainable
<b>b</b> Other money for which the company is contingent liable : In respect of Income Tax matters pending before the Income Tax officer which the Company expects to be deleted.	955,291	955,291

**Note : 16 - Revenue from Operations :**

Sale of Products	1,146,166,447	1,020,584,511
Foreign Exchange Rate Difference	13,520,893	(11,517,318)
Total	<b>1,159,687,340</b>	<b>1,009,067,193</b>
Details of sale of products Operations of the Company are as under :		
a Finished goods	569,483,291	374,234,071
b Traded goods	576,683,156	646,350,440
Total	<b>1,146,166,447</b>	<b>1,020,584,511</b>

**Note : 17 - Other Income :**

Other Operating Revenue		
Scrap Sale	137,000	129,140
Total	<b>137,000</b>	<b>129,140</b>



**Notes to the Financial Statements**

**Note : 18 - Cost of Materials Consumed :**

	End of	
	Current Reporting Year	Previous Reporting Year
	March 31,	
	2012	2011
Raw Materials :		
Stock at commencement	66,965,574	40,528,421
Add : Purchases	468,466,324	331,699,779
	535,431,898	372,228,200
Less : Stock at close	50,945,748	66,965,574
<b>Total</b>	<b>484,486,150</b>	<b>305,262,626</b>
Details of Purchase of Raw Material are as under :		
a Gold	239,315,237	161,001,983
b Diamonds	203,167,867	167,064,925
c Others	25,983,221	3,632,871
	<b>468,466,324</b>	<b>331,699,779</b>
Value of Consumption Raw Material		
a Indegenous	389,324,765	262,061,232
b Imported	95,161,385	43,201,394
	<b>484,486,150</b>	<b>305,262,626</b>

**Note : 19 - Purchase of Stock-in-Trade :**

	2012	2011
Purchase of Stock-in-Trade	563,610,652	638,608,249
<b>Total</b>	<b>563,610,652</b>	<b>638,608,249</b>

**Note : 20 - Changes in Inventories :**

Stock at commencement		
Finished Goods	63,258,834	30,198,100
Work in Progress	68,950	68,950
<b>Total (A)</b>	<b>63,327,784</b>	<b>30,267,050</b>
Stock at close :		
Finished Goods	59,483,181	63,258,834
Work in Progress	-	68,950
<b>Total (B)</b>	<b>59,483,181</b>	<b>63,327,784</b>
<b>(A-B)</b>	<b>3,844,603</b>	<b>(33,060,734)</b>

**Note : 21 - Employee Benefit Expense :**

Salaries, Wages and Bonus	29,972,507	29,612,164
Company's Contribution to Provident & Other funds	470,545	650,085
Gratuity	506,109	288,947
Staff Welfare Expenses	979,991	988,532
<b>Total</b>	<b>31,929,152</b>	<b>31,539,728</b>



## Notes to the Financial Statements

### Note : 22 - Finance Cost :

	End of	
	Current Reporting Year	Previous Reporting Year
	March 31,	
	2012	2011
Interest on Cash Credit Loan (Net)	23,313,164	20,771,712
Bank Commission & Charges	5,238,049	2,577,695
Total	<b>28,551,213</b>	<b>23,349,407</b>

### Note : 23 - Other Expenses :

Consumption of Stores and spares parts	3,774,653	4,572,115
Power & Fuel	2,320,839	2,723,727
Water Charges	177,286	206,729
Rent	1,475,026	1,148,604
Repairs and Maintenance:		
Factory Buildings	242,047	190,583
Plant and Machinery	537,215	416,726
Computer	247,995	246,769
Others	392,703	785,776
Insurance	6,483,248	2,577,202
Audit Fees	85,000	85,000
Rates and Taxes	98,366	77,024
Traveling & Conveyance Expenses	934,479	1,193,590
Legal and Professional Fees	1,283,126	1,422,739
Printing & Stationery	414,863	454,336
Telephone & Postage	498,469	428,716
Marketing, Selling & Distribution Expenses :		
Advertisement & Sales promotion expenses	3,551,638	3,846,725
Commission on sales	640,000	
Freight and forwarding on sales	2,242,182	2,106,216
Sundry balance written off/(back)	(414,884)	2,379,194
Directors Sitting fees	40,000	45,000
Loss on sale of Assets	73,321	242,460
Miscellaneous Expenses	733,589	669,766
Share Issue Expenses Written Off	57,897	57,897
Total	<b>25,889,058</b>	<b>25,876,894</b>

#### Rent Expenses :

The Company has taken residential / office premises under operating lease or leave and license agreement. The lease terms in respect of such premises are on the basis of individual agreement entered into with the respective landlord/owner. The lease payments are recognised in the Profit and Loss account under "Rent" in note no. 23



## Notes to the Financial Statements

### Note : 24 - Related Party Transactions :

				End of	
				Current Reporting Year	Previous Reporting Year
				March 31,	
				2012	2011
A Name of the Related Party and Nature of the Related Party Relationship :					
a) Key Managerial Personnel					
	<b>Name</b>	<b>Designation</b>	<b>Transaction</b>		
i	Shri. Kantikumar Dadha	Chairman & Managing Director	Remuneration & Perquisites	890,221	741,374
ii	Shri. Karansingh Baid	Executive Director	Remuneration & Perquisites	720,000	597,640
iii	Shri. Arvind Dadha	Executive Director	Remuneration & Perquisites	716,158	588,687
B The following transactions were carried out with the related parties in the ordinary course of business :					
a) Details relating to parties referred to in items 24 - A					
i	Mrs. Kusum Dadha		Rent	312,000	288,000
ii	Mr. Ashish Dadha		Salary	564,000	480,000

### Note : 25 - Deferred Tax :

A The Net Deferred Tax Liability of 46,962/- [ Previous Year : 2,77,533/-] for the year has been credited in the Profit and Loss Account.			
B Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under :			
		INR - Charge for the year to	
	As at	Profit & Loss	As at
	31-03-11	Account	31-03-12
Deferred Tax Liabilities :			
Depreciation	1,918,170	66,475	1,984,645
	<b>Total</b>	<b>66,475</b>	<b>1,984,645</b>
Deferred Tax Assets :			
Gratuity	887,800	113,437	1,001,237
	<b>Total</b>	<b>113,437</b>	<b>1,001,237</b>
Net Deferred Tax Liability	<b>1,030,370</b>	<b>(46,962)</b>	<b>983,408</b>





**Notes to the Financial Statements**

**Note : 25 - Deferred Tax : Contd.**

Previous year	As at	Profit & Loss Account	As at
	31-03-10		31-03-11
Deferred Tax Liabilities : Depreciation	2,053,405	(135,235)	1,918,170
	2,053,405	(135,235)	1,918,170
Deferred Tax Assets : Gratuity	745,502	142,298	887,800
	745,502	142,298	887,800
Net Deferred Tax Liability	<b>1,307,903</b>	<b>(277,533)</b>	<b>1,030,370</b>

**Note : 26 - Calculation of Earnings per Equity Share [ EPS ] :**

The numerators and denominators used to calculate the basic and diluted EPS are as follows :				
		Reporting year ended March,31		
		Current	Previous	
A	Profit after tax attributable to Shareholders	INR	12,246,007	10,203,023
B	Basic and weighted average number of Equity shares outstanding during the year	Nos.	6,964,080	6,964,080
C	Nominal value of equity share	INR	10	10
D	Basic EPS	INR	1.76	1.47
E	Diluted EPS	INR	1.76	1.47

**Note : 27 - Value of Imports calculated on CIF basis :**

	2012	2011
Raw Materials	86,168,982	62,542,542
Stores & Spare parts	234,450	215,166
Total	<b>86,403,432</b>	<b>62,757,708</b>

**Note : 28 - Earning in Foreign Currency :**

Export at F.O.B. Basis	1,062,063,446	968,497,826
------------------------	---------------	-------------

**Note : 29 - : Consumption of Store & Consumables**

	Reporting year ended March,31			
	Current		Previous	
	%	Amounts	%	Amounts
a Indigenous	91.75	3,463,261	95.40	4,361,876
b Imported	8.25	311,392	4.60	210,238
	<b>100.00</b>	<b>3,774,653</b>	<b>100.00</b>	<b>4,572,114</b>

**Notes to the Financial Statements****Note : 30 - Expenditure in Foreign Currency :**

	<b>2012</b>	<b>2011</b>
Travelling Expenses	64,513	
Total	<b>64,513</b>	-

**Note : 31**

Balances in respect of Unsecured Loans, Sundry Debtors & Sundry Creditors are subject to confirmation by respective parties.

**Note : 32**

The revised Schedule VI as notified under the Companies Act, 1956, has become applicable to the Company for presentation of its financial statements for the year ending March 31, 2012. The adoption of the revised Schedule VI requirements has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year's figures have been reclassified in accordance with current year requirements.

**Note : 33**

Previous year's figures have been regrouped / rearranged wherever necessary to confirm to the current year grouping.

**Significant Accounting Policies and Notes to the Financial Statements 1 to 33****As per our report of even date**

**FOR A.J. BALIYA & ASSOCIATES**  
Chartered Accountants

**For and on behalf of Board of Directors**

**(CA M.P. MODY)**

Partner

Membership No.: FCA 42975

Place : Mumbai

Dated : 29<sup>th</sup> May, 2012

**KANTIKUMAR DADHA**

Chairman & Managing Director

**KARANSINGH BAID**

Executive Director

**ARVIND DADHA**

Executive Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	Rs.	2011-12 Rs.	Rs.	2010-11 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax & Extra-ordinary Items		19,182,995		15,475,490
Adjustments for -				
Depreciation	2,330,517		2,144,673	
Interest Charged	23,313,164		20,771,712	
Loss on Sale of Vehicle	73,321		242,460	
Share Issue Expenses Written off	57,897		57,897	
Foreign Exchange Rate Difference	(13,520,893)		11517318	
		<u>12,254,006</u>		<u>34,734,060</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>31,437,001</b>		<b>50,209,550</b>
Adjustments for :				
Trade & Other Receivable	(58,270,061)		67,615,430	
Inventories	19,840,369		(59588410)	
Liabilities	13,196,634		(20,686,374)	
		<u>(25,233,057)</u>		<u>(12,659,354)</u>
Cash Generated from Operations		6,203,944		37,550,196
Interest Paid		(23,313,164)		(20,771,712)
Direct Tax Paid		<u>(5,468,851)</u>		<u>(2,866,346)</u>
Cash Flow Before Extra-Ordinary Items		<u>(22,578,071)</u>		<u>13,912,138</u>
<b>A NET CASH FROM OPERATING ACTIVITIES</b>		<b>(22,578,071)</b>		<b>13,912,138</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Sale of Fixed Assets	4,500		99,111	
Purchases of Fixed Assets	(16,250,666)		(881,999)	
<b>B NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(16,246,166)</b>		<b>(782,888)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings	32,170,337		(354,012)	
Dividend paid	(3,170,315)		-	
Tax on dividend paid	(578,323)		-	
<b>C NET CASH USED IN FINANCE ACTIVITIES</b>		<b>28,421,699</b>		<b>(354,012)</b>
<b>C FOREIGN EXCHANGE RATE DIFFERENCE</b>		<b>13,520,893</b>		<b>(11,517,318)</b>
Net Decrease in Cash and Cash Equivalents (A+B+C+D)		3,118,354		1,257,920
Opening Balance of Cash & Cash Equivalents		15,774,604		14,516,684
<b>D Closing Balance of Cash &amp; Cash Equivalents</b>		<b>18,892,958</b>		<b>15,774,604</b>

As per our report of even date

FOR A.J. BALIYA & ASSOCIATES  
Chartered Accountants

For and on behalf of Board of Directors

(CA M.P. MODY)  
Partner  
Membership No.: FCA 42975KANTIKUMAR DADHA  
Chairman & Managing DirectorKARANSINGH BAID  
Executive DirectorPlace : Mumbai  
Dated : 29<sup>th</sup> May, 2012ARVIND DADHA  
Executive Director



**The Board of Directors,**

Golkunda Diamonds & Jewellery Ltd.,  
G-30, Gem & Jewellery Complex III,  
SEEPZ, Andheri (E),  
MUMBAI - 400 096.

We have examined the attached Cash Flow Statement of Golkunda Diamonds & Jewellery Limited for the year ended 31<sup>st</sup> March, 2012. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

**FOR A.J. BALIYA & ASSOCIATES**

Chartered Accountants

**(M.P. MODY)**

Partner.

MEMBERSHIP NO.:FCA 42975

PLACE : MUMBAI

DATED :29<sup>th</sup> May, 2012.



Dear Shareholder,

**Sub: “GO GREEN” initiative of the Ministry of Corporate Affairs (“MCA”), Government of India**

The Ministry of Corporate Affairs (“MCA”), Government of India, has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies vide circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011, in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if services of documents have been made through electronic mode. The companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. The Company thus proposes to send all documents to the Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. henceforth to the shareholders in electronic form to the e-mail address provided by you and made available to us by the depositories (viz NSDL/CDSL). If you desire to have a different e-mail Id registered, please update the same with your Depository Participant (DP) immediately. All those shareholder who have not yet registered their e-mail Ids and are holding shares in electronic form are requested to immediately register the e-mail Ids with your concerned DP's. Those share holders who are still holding shares in physical form are requested to communicate with our Registrar & Share Transfer Agents (RTA), **Sharex Dynamic (India) Pvt Ltd. Unit-1 Luthra Ind Premises, E.M.Vasanji Marg, Safed Pool, Andheri Kurla Road, Andheri (East) Mumbai 400 072, or mail to them at [golkundagogreen@sharexindia.in](mailto:golkundagogreen@sharexindia.in)** quoting the Company Name , your name & Folio-Nos.

As a member of the company, In case you desire to receive the documents stated above in physical form, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time. The physical copies of these notices/documents will also be available at our Administrative Office in Mumbai for inspection during office hours.

The Annual Report of the Company would also be made available on the Company's website at [www.golkunda.com](http://www.golkunda.com) or may download the same from our RTA's web site [www.sharexindia.com](http://www.sharexindia.com).

We are sure that you will welcome the “Green Initiative” taken by the MCA and your company's desire to participate in the same

Thanking you,

**For Golkunda Diamonds & Jewellery Ltd**

**Kanti Kumar Dadha**  
Chairman & Managing Director  
Dated: 29<sup>th</sup> May, 2012



**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

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

Please complete the Attendance slip and hand it over at the Meeting Hall. Please also bring your copy of the enclosed Annual Report.

**ATTENDANCE SLIP**

I hereby record my presence at the 22<sup>nd</sup> ANNUAL GENERAL MEETING of the Company convened at "Banquet Hall", Matoshri Arts & Sports Club, Jogeshwari-Vikhroli Link Road, Andheri (East), Mumbai - 400 093 on 28<sup>th</sup> September, 2012 at 4.00 P.M.

REG. FOLIO NO. \_\_\_\_\_

NO. OF SHARES \_\_\_\_\_

NAME OF THE MEMBER (IN BLOCK LETTERS) \_\_\_\_\_

SIGNATURE OF THE MEMBER OR PROXY \_\_\_\_\_

**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**

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

**PROXY FORM**

REG. FOLIO NO. \_\_\_\_\_

NO. OF SHARES \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 22<sup>nd</sup> Annual General Meeting to be held on 28<sup>th</sup> September, 2012 and at any adjournment thereof.

Signed by the said \_\_\_\_\_

**NOTE:** The form of proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.



**BOOK-POST**

*If Undelivered, Please return to:*

REGISTERED OFFICE:  
**GOLKUNDA DIAMONDS & JEWELLERY LIMITED**  
G/30, Gems & Jewellery Complex III, SEEPZ,  
Andheri (East), Mumbai - 400 096.