

Annual Report

2009-2010



**Goldiam
International
Limited**

MANUFACTURERS & EXPORTERS OF DIAMONDS & JEWELLERY



Mr. Manhar R. Bhansali, Chairman & Managing Director, receiving the
"PIONEER OF THE YEAR" Award instituted by IDCA (Indian Diamond &
Colorstone Association), 56 West, 45th Street, New York,
NY 10036 on 5th June, 2010 at Las Vegas, U.S.A.

Goldiam International Limited

BOARD OF DIRECTORS

MANHAR R. BHANSALI	CHAIRMAN & MANAGING DIRECTOR
RASHESH M. BHANSALI	VICE-CHAIRMAN & MANAGING DIRECTOR
AJAY M. KHATLAWALA	DIRECTOR
RAJESH G. KAPADIA	DIRECTOR
DR. R. SRINIVASAN	DIRECTOR

COMPANY SECRETARY & COMPLIANCE OFFICER

RACHANA V. VORA
e-mail: investorrelations@goldiam.com

AUDITORS

PULINDRA PATEL & CO.,
Chartered Accountants

BANKERS

The Hongkong & Shanghai Banking Corporation Ltd.
Punjab National Bank
YES Bank Limited

REGISTERED OFFICE

Gems & Jewellery Complex,
SEEPZ, Andheri (East),
Mumbai - 400 096
e-mail: goldiam@vsnl.com
Website: www.goldiam.com

DIAMOND PROCUREMENT OFFICE

2, Prasad Chambers
Opera House, Mumbai - 400 004

REGISTRAR AND TRANSFER AGENTS

M/s. Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078
Tel no.: 25946970-78 Fax: 25946969
e-mail: rnt_helpdesk@linkintime.co.in

BRANCH AT:

203, Davar House, 2nd floor,
D. N. Road, Fort,
Mumbai - 400 001
Tel: 22694127

LISTING

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited
"Exchange Plaza", Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051

DEMAT DETAILS

ISIN: **INE025B01017**

TWENTY THIRD ANNUAL GENERAL MEETING

will be held on Thursday, 12th August, 2010 at 3.00 p.m. at 'TRIBUNE 1' Banquet Hall, 6th floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093

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Goldiam International Limited

NOTICE

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of GOLDIAM INTERNATIONAL LIMITED will be held on Thursday, 12th August, 2010 at 3.00 p.m. at 'Tribune 1' Banquet Hall, 6th floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai - 400 093 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2010.
3. To appoint a Director in place of Dr. R. Srinivasan, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. Pulindra Patel & Co., Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED pursuant to the provisions of Sections 198, 269, 309, 310, 349 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any amendments made thereto from time to time that the consent of the Company be and is hereby accorded to remunerate Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, with effect from 1st April, 2010 on the terms and conditions as detailed hereunder:

PART A:

Basic Salary: Rs.3,00,000/- per month

PART B:

1. Medical Reimbursement:
Reimbursement of medical expenses incurred for self and family members subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
2. Leave Travel Concession:
Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company for the time being in force.
3. Club Fees:
Membership fees of two clubs.
4. Gratuity:
Gratuity shall be payable as per the provisions of the Payment of Gratuity Act, 1972 as amended from time to time.

FURTHER RESOLVED THAT Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, shall also be entitled to commission as a percentage of the net profits of the Company, as may be decided by the Board of Directors from time to time, subject to the ceiling fixed under Section 309 and Schedule XIII to the Companies Act, 1956, as amended from time to time.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all steps/ actions and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable, expedient or proper to give effect to this resolution."

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

"RESOLVED pursuant to the provisions of Sections 198, 269, 309, 310, 311, 349 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any amendments made thereto from time to time that the consent of the Company be and is hereby accorded to the re-appointment of Mr. Rashesh M. Bhansali as the Vice Chairman & Managing Director of the Company for a period of 5 years with effect from 1st February, 2011 and the payment of remuneration to him on the terms and conditions as detailed hereunder:

PART A:

Basic Salary: Rs.3,00,000/- per month

PART B:

1. Medical Reimbursement:
Reimbursement of medical expenses incurred for self and family members subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
2. Leave Travel Concession:
Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company for the time being in force.
3. Club Fees:
Membership fees of two clubs.
4. Gratuity:
Gratuity shall be payable as per the provisions of the Payment of Gratuity Act, 1972 as amended from time to time.

FURTHER RESOLVED THAT Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, shall also be entitled to commission as a percentage of the net profits of the Company, as may be decided by the Board of Directors from time to time, subject to the ceiling fixed under Section 309 and Schedule XIII to the Companies Act, 1956, as amended from time to time.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all steps/ actions and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable, expedient or proper to give effect to this resolution."

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

"RESOLVED pursuant to the provisions of Sections 198, 269, 309, 349 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any amendments made thereto from time to time that the consent of the Company be and is hereby accorded to the re-appointment of Mr. Manhar R. Bhansali as the Chairman & Managing Director of the Company for a period of 5 years with effect from 24th January, 2011.

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FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all steps/ actions and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable, expedient or proper to give effect to this resolution."

By Order of the Board of Directors

Place: Mumbai
Date: 30th May, 2010
Regd. Office:
Gems & Jewellery Complex,
SEEPZ (SEZ), Andheri (E),
Mumbai - 400 096.

RACHANA V. VORA
Company Secretary

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, DULY COMPLETED AND SIGNED, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business to be transacted at the meeting as set out above is annexed hereto and forms part of the Notice.
- 3) The details of the Directors seeking re-appointment at the forthcoming Annual General Meeting as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are also annexed.
- 4) The Register of Members and Share Transfer Books will remain closed from Wednesday, 4th August, 2010 to Thursday, 12th August, 2010 (both days inclusive).
- 5) Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those members whose names appear in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Registrar and Transfer Agents on or before 3rd August, 2010. In respect of the shares held in dematerialized form, the dividend will be payable on the basis of the beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of the business hours on 3rd August, 2010 for this purpose.
- 6) Members holding shares in dematerialized form are requested to note that the bank particulars as registered against their respective depository accounts will be used by the Company for the payment of dividend through Electronic Clearing Service (ECS) or for printing on Dividend Warrants pursuant to the SEBI directive vide Circular No. D&CC/ FITTC/Cir-4/2001 dated 13.11.2001 wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in dematerialized form and with the Registrar and Transfer Agents for the shares held in physical form.
- 7) Members holding shares in physical form and desirous of availing the facility of ECS for receiving direct credit of dividend in their Bank account are advised to submit particulars of their bank account viz. name and address of the branch of the bank, 9 digit MICR code of the bank and branch, type of account and the account number along with a blank cancelled cheque or photocopy of a cheque or front page of the bank passbook for verification of the bank particulars to M/s. Link Intime India Pvt. Ltd., the Registrar and Transfer Agents of the Company.
- 8) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Report with them along with the Attendance slip duly signed and completed.
- 9) Members, who hold shares in dematerialized form, are requested to quote their Client ID number and DP ID number and those who hold shares in physical form are requested to quote their Folio numbers in the Attendance slip for easier identification of attendance at the meeting.
- 10) In all correspondence with the Company, members are requested to quote their Folio numbers and in case the shares are held in the dematerialized form, they should quote their Client ID number and DP ID number.
- 11) Members are requested to note that if physical documents, viz. Demat Request Forms (DRF) and share certificates, etc. are not received from their DPs by the Company/ Registrar within a period of 14 days from the date of generation of the Demat Request Number (DRN) for dematerialization, the DRN will be treated as rejected/ cancelled. Upon rejection/cancellation of the DRN, a fresh DRF has to be forwarded along with the share certificates by the DPs to the Company/Registrar. This note is only to caution shareholders that they should ensure that their DPs do not delay in sending the DRF and share certificates to the Company/Registrar after generating the DRN.
- 12) Members desirous of obtaining any information concerning the accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
- 13) Relevant documents referred to in the accompanying Notice are available for inspection by the members at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
- 14) Information u/s 205A read with the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978 as amended is given below:
 - (i) Pursuant to Section 205 of the Companies Act, 1956 all unclaimed/unpaid dividends up to the financial year ended 31.03.1995 have been transferred to the General Reserve Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, CGO Complex, 2nd floor, "A" Wing, CBD-Belapur, Navi Mumbai 400 614 by making an application in the prescribed form;

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- (ii) Consequent to amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any claims against the Fund. Accordingly, the unpaid/unclaimed dividend amount for the years ended on 31.03.1996, 31.03.1997, 31.03.1998, 31.03.1999, 31.03.2000, 31.03.2001 and 31.03.2002 have been transferred to the Fund. The unpaid/unclaimed dividend amount for the year ended on 31.03.2003 will be transferred in August, 2010. Members who have not so far encashed their dividend warrant(s) for the year ended 31.03.2003 or any of subsequent years are requested to seek the issue of the duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 30TH MAY, 2010:

ITEM NO. 5

The members of the Company had, at the Annual General Meeting held on 26th July, 2005, approved the re-appointment of Mr. Rashesh M. Bhansali as the Vice Chairman & Managing Director of the Company for a period of 5 years with effect from 1st February, 2006 on a remuneration of a Basic Salary of Rs.7,75,000/- per month, reimbursement of medical expenses subject to a ceiling of one month's salary in a year or three month's salary over a period of three years, leave travel concession for self and family once in a year, fees of two clubs, personal accident insurance premium not exceeding Rs.5,000/- per annum, car and telephone at residence for office use, gratuity as per the provisions of the Payment of Gratuity Act, 1972 (subject to a ceiling of Rs.3,50,000/-) and privilege leave as applicable to other members of the staff. He was also entitled to Commission out of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

The remuneration paid to Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, was, however, discontinued with effect from January 2008 owing to the losses/ inadequate profits. After having undergone challenging times in the financial year 2008-09, the Company is experiencing an upward trend and registering profits and it was felt prudent to pay him remuneration, with effect from 1st April, 2010, of Basic Salary of Rs.3,00,000/- per month, reimbursement of medical expenses incurred for self and family members subject to a ceiling of one month's salary in a year or three month's salary over a period of three years, leave travel concession for self and family once in a year incurred in accordance with the Rules of the Company for the time being in force, membership fees of two clubs, gratuity as per the provisions of the Payment of Gratuity Act, 1972 as amended from time to time and Commission as a percentage of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

Mr. Rashesh M. Bhansali has rich and wide experience in the field of diamonds and jewellery and has been guiding force behind the Company since the past 22 years. Under his able leadership and guidance the Company has reached new heights. He is a Director on the Board of Diagold Designs Limited, Goldiam Jewels Limited, Goldiam Jewellery Limited and Goldiam USA, Inc., subsidiaries of the Company. The Board recommends the resolution for the approval of the members.

None of the Directors except Mr. Rashesh M. Bhansali and his father Mr. Manhar R. Bhansali is deemed to be concerned or interested in this resolution.

The Explanatory statement together with the accompanying Notice should be treated as an abstract under Section 302.

ITEM NO. 6

The members of the Company had, at the Annual General Meeting held on 26th July, 2005, approved the re-appointment of Mr. Rashesh M. Bhansali as the Vice Chairman & Managing Director of the Company for a period of 5 years with effect from 1st February, 2006 on a remuneration of a Basic Salary of Rs.7,75,000/- per month, reimbursement of medical expenses subject to a ceiling of one month's salary in a year or three month's salary over a period of three years, leave travel concession for self and family once in a year, fees of two clubs, personal accident insurance premium not exceeding Rs.5,000/- per annum, car and telephone at residence for office use, gratuity as per the provisions of the Payment of Gratuity Act, 1972 (subject to a ceiling of Rs.3,50,000/-) and privilege leave as applicable to other members of the staff. He was also entitled to Commission out of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

The remuneration to Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, was, however, discontinued with effect from January 2008 owing to the losses/ inadequate profits. With the Company's financial performance improving, it was felt prudent to remunerate him with effect from 1st April, 2010 by way of Basic Salary of Rs.3,00,000/- per month, reimbursement of medical expenses incurred for self and family members subject to a ceiling of one month's salary in a year or three month's salary over a period of three years, leave travel concession for self and family once in a year incurred in accordance with the Rules of the Company for the time being in force, membership fees of two clubs, gratuity as per the provisions of the Payment of Gratuity Act, 1972 as amended from time to time and Commission as a percentage of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

The present term of his appointment expires on 31st January, 2011 and the Board of Directors of the Company, at the meeting held on 30th May, 2010, decided, subject to the approval of the members of the Company, to re-appoint him for a further period of 5 years w.e.f. 1st February, 2011 at a remuneration of Basic Salary of Rs.3,00,000/- per month, reimbursement of medical expenses incurred for self and family members subject to a ceiling of one month's salary in a year or three month's salary over a period of three years, leave travel concession for self and family once in a year incurred in accordance with the Rules of the Company for the time being in force, membership fees of two clubs, gratuity as per the

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provisions of the Payment of Gratuity Act, 1972 as amended from time to time and Commission as a percentage of the net profits of the Company as decided by the Board from time to time subject to the ceiling fixed under the provisions of the Companies Act, 1956.

Mr. Rashesh M. Bhansali has rich and wide experience in the field of diamonds and jewellery and has been guiding force behind the Company since the past 22 years. Under his able leadership and guidance, the Company has reached new heights. He is a Director on the Board of Diagold Designs Limited, Goldiam Jewels Limited, Goldiam Jewellery Limited and Goldiam USA, Inc., subsidiaries of the Company. The Board recommends the resolution for the approval of the members.

None of the Directors except Mr. Rashesh M. Bhansali and his father Mr. Manhar R. Bhansali is deemed to be concerned or interested in this resolution.

The Explanatory statement together with the accompanying Notice should be treated as an abstract under Section 302.

ITEM NO. 7

The members of the Company had, at the Annual General Meeting held on 26th July, 2005, approved the re-appointment of Mr. Manhar R. Bhansali as the Chairman & Managing Director of the Company for a period of 5 years with effect from 24th January, 2006 and also approved the payment of remuneration to him on the basis of performance of the Company as a percentage of the profits of the Company computed as per the provisions of the Companies Act, 1956 as may be decided by the Board from time to time and the use of the Company's car and telephone at residence for office use. As the present term of his appointment expires on 23rd January, 2011, the Board of Directors of the Company,

at the meeting held on 30th May, 2010, decided, subject to the approval of the members of the Company, to re-appoint him for a further period of 5 years w.e.f. 24th January, 2011 at no remuneration.

Mr. Manhar R. Bhansali, promoter of the Company, entered the diamond business more than 4 decades ago and has been the Chairman of the Company since its inception. His extensive knowledge and experience in the field of diamonds and jewellery has constantly guided the Company. He is the driving force behind the success of the Company. He is also the Chairman of Company's subsidiaries Diagold Designs Limited, Goldiam Jewels Limited and Goldiam Jewellery Limited.

The Board recommends the approval of the members to the resolution as a Special resolution as he will attain the age of 70 years and as required under Schedule XIII to the Companies Act, 1956 his re-appointment should be approved by the members of the Company vide a Special Resolution.

None of the Directors except Mr. Manhar R. Bhansali and his son Mr. Rashesh M. Bhansali is deemed to be concerned or interested in this resolution.

The Explanatory statement together with the accompanying Notice should be treated as an abstract under Section 302.

By Order of the Board of Directors

Place: Mumbai
Date: 30th May, 2010

RACHANA V. VORA
Company Secretary

Regd. Office:
Gems & Jewellery Complex,
SEEPZ (SEZ), Andheri (E),
Mumbai - 400 096

Details of the Directors seeking re-appointment at the Annual General Meeting

Particulars	Dr. R. Srinivasan	Mr. Rashesh M. Bhansali	Mr. Manhar R. Bhansali
Date of Birth	30 th May, 1931	06 th July, 1968	20 th September, 1941
Date of Appointment	02 nd May, 2002	01 st September, 1988	10 th October, 1986
Qualifications	Ph.D., CAIIB, FIB, Doctorate in Banking & Finance	T.Y.B.Com.	Int. Com.
Expertise in specific functional area	Wide experience in Banking & Finance	Wide knowledge & experience in the field of diamonds & jewellery	Wide knowledge & experience in the field of diamonds & jewellery
Directorships held in other Public Companies (excluding Foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> • J Kumar Infraprojects Ltd. • Elder Pharmaceuticals Ltd. • McLeod Russel India Ltd. • Graphite India Ltd. • Shalimar Paints Ltd. • Williamson Magor & Co. Ltd. • XL Telecom & Energy Ltd. 	<ul style="list-style-type: none"> • Diagold Designs Ltd. • Goldiam Jewels Ltd. • Goldiam Jewellery Ltd. 	<ul style="list-style-type: none"> • Diagold Designs Ltd. • Goldiam Jewels Ltd. • Goldiam Jewellery Ltd.
Memberships/ Chairmanships of Committees of other Public Companies (includes only Audit and Shareholders'/ Investors' Grievance Committees)	Audit Committee <ul style="list-style-type: none"> • J Kumar Infraprojects Ltd. • Elder Pharmaceuticals Ltd. • McLeod Russel India Ltd.* • Graphite India Ltd. • Shalimar Paints Ltd.* • Williamson Magor & Co. Ltd. • XL Telecom & Energy Ltd.* Shareholders'/ Investors' Grievance Committee Elder Pharmaceuticals Ltd.*	Nil	Nil
Number of shares held	Nil	5350000	7103428

* Chairman of the Committee

Goldiam International Limited

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Twenty Third Annual Report on the affairs of the Company together with the Audited Statements of Accounts for the year ended on 31st March, 2010.

FINANCIAL RESULTS: (Rupees in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Sales for the year	<u>5935.17</u>	<u>5593.97</u>
Profit before Interest, depreciation & taxation	<u>614.02</u>	(1217.39)
Less: Interest & Finance Charges	<u>20.68</u>	<u>14.07</u>
Operating profit before depreciation & taxation	<u>593.34</u>	(1231.46)
Less: depreciation, amortization & impairment of asset	<u>122.57</u>	<u>163.45</u>
Profit before taxation	<u>470.77</u>	(1394.91)
Provision for taxation	<u>(40.46)</u>	<u>(32.60)</u>
Profit after taxation	<u>511.23</u>	(1362.31)
Add: Balance brought forward	<u>7156.83</u>	<u>8519.14</u>
Profit available for appropriation	<u>7668.06</u>	<u>7156.83</u>
Appropriation:		
Proposed Dividend	<u>249.46</u>	NIL
Provision for Tax on Proposed Dividend	<u>41.43</u>	NIL
Balance carried forward to Balance Sheet	<u>7377.17</u>	<u>7156.83</u>

OPERATIONS:

After having undergone challenging times in the financial year 2008-09, the Indian gems and jewellery industry is experiencing an upward trend and the same is being reflected in the performance of the Company. The turnover of the Company during the financial year 2009-10 was Rs.5935.17 lacs as compared to Rs.5593.97 lacs for the previous year and the Company has earned a profit of Rs.511.23 lacs as compared to a net loss of Rs.1362.31 lacs for the previous year.

DEPOSITS:

The Company has not invited/ accepted any deposit from the public during the year ended 31st March, 2010. There were no unclaimed or unpaid deposits as on 31st March, 2010.

DIVIDEND:

With the Company's performance improving and it registering profits, your Directors recommend a dividend of Re.1/- per equity share of Rs.10/- each fully paid-up (10%) for the financial year ended 31st March, 2010.

BUY-BACK OF EQUITY SHARES:

Pursuant to the approval of the Board of Directors under Section 77A of the Companies Act, 1956 to buy-back fully

paid-up equity shares of the Company at a price not exceeding Rs.50/- per equity share from the open market through the Stock Exchanges for an aggregate amount not exceeding Rs.5.25 crores being 3.53% of the aggregate of the Company's total paid-up equity share capital and free reserves as on March 31, 2009, the Company has, during the year under report, bought back 6,00,000 equity shares for a total consideration of approximately Rs.2.32 crores (exclusive of Brokerage, STT and other charges) utilizing the General Reserve and Securities Premium accounts and all the equity shares bought back have been extinguished.

SUBSIDIARY COMPANIES:

During the year under report, Goldiam HK Limited, Hong Kong, a subsidiary of the Company then, had offered shares on Rights basis to all the shareholders; however, in view of the global economic slowdown faced by the Companies then, the Company had not subscribed to the Rights Issue and consequently, the shareholding of the Company in Goldiam HK Limited had fallen below 50% and Goldiam HK Limited had ceased to be a subsidiary of the Company. Diagold Designs Limited has, during the year under report, incorporated a Limited Liability Partnership, Temple Designs LLP, to cater to the retail jewellery market.

As per the provisions of Section 212(1) of the Companies Act, 1956 copies each of the Balance Sheet, Profit & Loss Account, Reports of the Board of Directors and the Auditors of the subsidiary companies, viz. Diagold Designs Limited, Goldiam Jewels Limited, Goldiam Jewellery Limited and Goldiam USA, Inc. and step-down subsidiary OOO Tiara Jewels and other statements/ certificates as required are attached to this Annual Report. Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements are also attached. The turnover and profit / (loss) after tax of the subsidiaries are given below:

Subsidiary	Turnover (Rs.)	Profit/(Loss) (Rs.)
1. Diagold Designs Limited	4852.04 lacs	(208.86 lacs)
2. Goldiam Jewels Limited	1151.01 lacs	(27.64 lacs)
3. Goldiam Jewellery Limited	6075.42 lacs	575.62 lacs
4. Goldiam USA, Inc.	1255.50 lacs	(44.71) lacs
5. OOO Tiara Jewels*	23.95 lacs	3.65 lacs

* Subsidiary of Diagold Designs Limited

DEMATERIALIZATION:

More than 97% of the shares of the Company are in dematerialized form. Your Directors request all the members who have not yet got their holdings dematerialized to do so to enable easy trading of the shares as the shares of the Company are compulsorily traded in dematerialized form.

DIRECTORS:

As per the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Dr. R. Srinivasan, Director of the Company, retires by

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rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

The terms of appointments of Mr. Manhar R. Bhansali, Chairman & Managing Director, and Mr. Rashesh M. Bhansali, Vice Chairman & Managing Director, expire on 23rd January, 2011 and 31st January, 2011 respectively and your Directors recommend their re-appointment for a period of five years w.e.f. 24th January, 2011 and 1st February, 2011 respectively on the terms and conditions as mentioned in the Notice of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had 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;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

AUDITORS:

M/s. Pulindra Patel & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and, being eligible, have consented for re-appointment. Your Directors recommend their re-appointment.

REPORT ON CORPORATE GOVERNANCE:

A separate report on Corporate Governance is attached to this report along with Statutory Auditors' certificate on its compliance.

(A) CONSERVATION OF ENERGY, (B) TECHNOLOGY ABSORPTION, (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the information is furnished herein below:

A. CONSERVATION OF ENERGY:

As the Gems & Jewellery Industry is not covered by the Schedule prescribed by the said Rules, disclosure of particulars on conservation of energy is not applicable to the Company.

B. TECHNOLOGY ABSORPTION:

The particulars regarding absorption of technology are annexed in the prescribed Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company's main line of business is manufacturing and exporting studded gold jewellery. The Company has achieved Export Turnover of Rs.5218.33 lacs during the year under report, 2009-2010, as compared to Rs.4811.73 lacs in the previous year, 2008-2009.

Total Foreign Exchange used : Rs.172,979,944/-

Total Foreign Exchange earned : Rs.515,607,572/-

PARTICULARS OF EMPLOYEES:

None of the employees has received remuneration/ salary exceeding the limit as stated in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their appreciation and sincere gratitude to Government of India, Government of Maharashtra, SEEPZ (SEZ) Authorities and the Bankers to the Company for their valuable support and look forward to their continued co-operation in the years to come.

Your Directors acknowledge the support and co-operation received from the employees and all those who have helped in the day-to-day management.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 30th May, 2010

MANHAR R. BHANSALI
CHAIRMAN

ANNEXURES FORMING PART OF THE DIRECTORS' REPORT

ANNEXURE - I

FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R & D) as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Research & Development:

1. Specific areas in which R & D is carried out by the Company

The Company's R & D is focused on offering high quality, competitively priced, innovative design jewellery to its customers. It places emphasis on latest technologies for manufacturing diamond studded gold jewellery which can lead to improved quality. Goldiam has carried out extensive research in gold recovery. With the implementation of better techniques of gold recovery, the percentage of gold recovered is higher and wastage has gone down considerably. The Company has also carried out in-depth research on casting crucibles. With the advent of the new casting crucibles, the life of the crucibles has increased resulting in an increase in the output by almost 300% per casting. In addition to the invisible setting in diamond, the Company has also introduced new micro pave hand set technology.

2. Benefits derived as a result of the above R & D

The R & D activities will enable the Company to reduce the cost of manufacturing jewellery and offer high quality, innovative design jewellery which is competitively priced to its customers thereby increasing customer satisfaction, revenue and profitability.

3. Future plan of action

The Company intends to continue the research in its pursuit for bringing attractively priced, finer quality products to the customers.

4. Expenditure on R & D

R&D is a continuous process and the expenditure is not specifically earmarked for the same and is

debited to the general manufacturing expenses.

(a) Capital NIL

(b) Recurring NIL

(c) Total NIL

(d) Total R & D expenditure as a percentage of total turnover N.A.

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company endeavours to keep itself abreast with the technical developments, innovations and trends in its line of business and constantly strives to incorporate the same in manufacturing jewellery and improve the design & quality of its products and reduce the costs.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

The benefit will be reflected in the areas of substantial cost reduction and higher customer satisfaction through improved product quality.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- a) Technology imported) The Company has
- b) Year of import) not imported any
- c) Has technology been) Technology.
- fully absorbed)
- d) If not fully absorbed,)
- areas where this has)
- not taken place,)
- reasons there for and)
- future plans of action.)

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and developments:

Gems and Jewellery is ranked amongst the fastest growing sectors in the Indian Economy and is also a leading sector for foreign exchange generation. India is gaining prominence as an international sourcing destination for high quality designer jewellery and is one of the largest exporters of gems and jewellery and is the diamond polishing capital of the world. India has several well recognized strengths which have made it a significant force in the global Gems and Jewellery business, viz. highly skilled yet low-cost labour, established excellence in manufacturing jewellery and diamond polishing, the most technologically advanced diamond cutting center in the world and an ability to leverage India's strengths to address the demands of the global markets.

According to the Gems & Jewellery Export Promotion Council (GJEPC), India's gems and jewellery industry, one of India's leading foreign exchange earning sectors over the year, has witnessed a considerable growth in the volume of exports which were pegged at US\$ 28 billion in the financial year 2009-10. From the export figures of US\$ 24495.58 million in the financial year 2008-09, the exports have shown considerable increase and stood at US\$ 28,414.64 in the financial year 2009-10, thus indicating an increase of 16% in the total gems and jewellery exports. The performance of this industry is critical as it contributes 13% to India's total merchandise exports.

Opportunities and Threats:

Manufacturing excellence, rich heritage of craftsmanship with high level of skills, creation of exquisite designs and production of high volumes at low cost will facilitate in positioning India as the global destination for all jewellery products. The reduction in the customs duty of Rhodium, a precious metal used for polishing jewellery, is expected to favour the Industry.

The evolution in the trends in the consumption of jewellery products are an encouragement for the jewellery industry. The Company's focus on emerging markets like Middle East, Thailand, UK, Russia and Japan will greatly benefit the Company.

Economic slowdown was and continues to remain one of the major threats faced by the Company. Jewellery being a luxury item, downturn means less spending by the customers and the resultant decline in the turnover. Also, the absence of any substantially favourable Government policy, incentive or stimulus for the jewellery industry and in particular the exporters, will reduce India's competitive position as diamond and jewellery exporter. Further, the increase in the customs duty of Gold, which constitutes 30% of the cost of the finished product, is expected to be a set-back in offering competitively priced jewellery to the customers.

Segment-wise Performance:

The Company has two segments viz. jewellery manufacturing and investment activity. The Company has achieved a turnover of Rs.6262.76 lacs in the jewellery segment and of Rs.494.33 lacs in investment activities.

Risks and Concerns:

The nature of the Company's business exposes it to several inherent risks. The Company strives to closely monitor the risks and to mitigate them by adopting suitable, pragmatic strategies.

Bullion Risk: With gold forming approximately 30% of the cost of the finished product, the Company is exposed to bullion risk. The Company hedges its outstanding position mitigating the risk associated with the volatility in the gold prices.

Currency Risk: Currency risk arises from exposure to foreign currencies and the volatility associated therewith.

100% of our exports have been transacted in US Dollars and the Company hedges majority of its receivables to mitigate the risks arising therefrom.

Geography Risk: Dependence on any geographic location makes the Company's business in that region vulnerable to the economic slowdown therein. While USA continues to be our prime export destination, we have, with a view to manage the risks, diversified and tapped the markets in Middle East, Thailand, UK, Russia and Japan.

Outlook:

After having undergone challenging times due to the overall economic slowdown and particularly in the jewellery industry in the financial year 2008-2009, the Indian gems and jewellery industry is on the path of recovery, experiencing an upward trend.

With the cautious approach adopted by the Company, it is now well-poised to meet the dynamic challenges faced by the industry in the short as well long term.

Internal Control and its adequacy:

The Company has an internal control system commensurate with its size and nature of business to ensure efficiency of operations, compliance with internal control policies and applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions.

Certified by the Internal Auditors and the Statutory Auditors of the Company, the internal control system is also supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines to ensure reliability of financial and other records.

Financial Performance:

The revival of the global economies and the persistent efforts of the Company to sustain its trade relations besides expanding its base to other markets has helped the Company to post a modest growth of 6.10% in turnover for the financial year ended on 31st March, 2010 over the previous financial year. The turnover for the financial year 2009-2010 was Rs. 5935.17 lacs as compared to Rs.5593.97 lacs for the previous financial year. The Company has earned a net profit of Rs.511.23 lacs as compared to a net loss of Rs.1362.31 lacs for the previous year.

Material developments in Human Resources/ Industrial Relations:

The Company considers its human resources as amongst its most valuable assets. It has been Company's constant endeavour to impart requisite training and thereby develop and hone the skills and talent of its personnel. However, with an objective of rationalizing the surplus manpower, the Company had during the previous year launched a Voluntary Retirement Scheme for the employees to retain the viability and competitiveness of the Company and improve its efficiency. Pursuant to the scheme, overall 488 employees had opted for voluntary retirement upto June, 2009.

The overall Industrial Relations in the Company have been quite peaceful and cordial.

Cautionary Statement:

Statements in the Management Discussion and Analysis describing Company's objective, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws, statute and other incidental factors.

Goldiam International Limited

REPORT ON CORPORATE GOVERNANCE

Your Directors are pleased to submit their report on the Corporate Governance of the Company for the Financial Year 2009-2010.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Goldiam benchmarks its Corporate Governance with the application of sound management practices and it conforms to the mandatory requirements. The Company is striving constantly to adopt the emerging good corporate governance practices.

MANAGEMENT DISCUSSION AND ANALYSIS:

This has been carried elsewhere in the Annual Report.

BOARD OF DIRECTORS:

Composition and Category of the Board of Directors as on 31st March, 2010 and the number of directorships and chairmanship/ membership of the Board Committees in other public limited companies:

The composition of the Board is in conformity with Clause 49 of the Listing Agreement with Stock Exchanges.

Name of Director	Category	No. of Directorships and Committee Memberships/ Chairmanship held in other Public Limited Companies		
		Directorship	Committee Chairmanship	Committee Membership
Mr. Manhar R. Bhansali	Chairman, Promoter-Executive	3	nil	nil
Mr. Rashesh M. Bhansali	Promoter-Executive	3	nil	nil
Mr. Rajesh G. Kapadia	Independent-Non-Executive	8	4	3
Mr. Ajay M. Khatlawala	Independent-Non-Executive	nil	nil	nil
Dr. R. Srinivasan	Independent-Non-Executive	7	4	4

Other directorships do not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

Chairmanship/ Membership of committees of Board of Directors include only Audit and Shareholders'/Investors' Grievance Committees of other Public Limited Companies.

BOARD MEETINGS HELD:

Five Board meetings were held during the financial year ended on 31st March, 2010. These were held on 28th April, 2009, 26th June, 2009, 31st July, 2009, 30th October, 2009 and 29th January, 2010.

Attendance of each director at the Board meetings held during the financial year ended 31st March, 2010 and the last AGM:

Director	No. of Board meetings held	No. of Board meetings attended	Last AGM YES/NO
Mr. Manhar R. Bhansali	5	4	YES
Mr. Rashesh M. Bhansali	5	5	YES
Mr. Rajesh G. Kapadia	5	5	YES
Mr. Ajay M. Khatlawala	5	4	YES
Dr. R. Srinivasan	5	3	YES

COMMITTEES OF THE BOARD:

A) AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are broadly as under:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

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- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Reviewing the financial statements of the unlisted subsidiary companies.
- The Audit Committee also reviews the following information:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

The Audit Committee met on 28th April, 2009, 26th June, 2009, 31st July, 2009, 30th October, 2009 and 29th January, 2010. The meeting held on 26th June, 2009 reviewed the Annual Accounts of the Company for the financial year 2008-2009 and approved the same. The meetings held on 31st July, 2009, 30th October, 2009 and 29th January, 2010 reviewed and approved the results for 1st, 2nd and 3rd quarter respectively.

Composition and Attendance at the meetings of the Audit Committee:

Name of the Member	Status	No. of meetings attended
Mr. Rajesh G. Kapadia	Chairman	5
Mr. Ajay M. Khatlawala	Member	4
Dr. R. Srinivasan	Member	3

B) SHARE TRANSFER COMMITTEE/ SHAREHOLDER/ INVESTOR GRIEVANCE COMMITTEE:

The Share Transfer Committee has been constituted under the chairmanship of Mr. Manhar R. Bhansali with Mr. Rashesh M. Bhansali and Mr. Ajay M. Khatlawala as the other members to consider and approve transfer of shares in physical form and other allied matters. The Shareholder/ Investor Grievance Committee has been constituted under the chairmanship of Mr. Ajay M. Khatlawala with Mr. Manhar R. Bhansali and Mr. Rashesh M. Bhansali as members.

SHAREHOLDER/ INVESTOR SERVICE:

Shareholder/ Investor Service is handled by the Company Secretary who provides timely services. The Company received 11 complaints during the year which were duly attended to and there was no case/ complaint unresolved at the end of the year.

Goldiam International Limited

NAME & DESIGNATION OF THE COMPLIANCE OFFICER:

Ms. Rachana V. Vora, Company Secretary.

DETAILS OF REMUNERATION PAID TO THE DIRECTORS IN 2009-10: (Amount in Rupees)

(a) Remuneration paid to Executive Directors:

Name	Salary	Bonus	Other perks	Commission	Total
Mr. Manhar R. Bhansali	nil	nil	nil	nil	nil
Mr. Rashesh M. Bhansali	nil	nil	nil	nil	nil

(b) Remuneration paid to Non-Executive Directors:

Name	Sitting Fees	No. of Shares held
Mr. Rajesh G. Kapadia	75,000	2,000
Mr. Ajay M. Khatlawala	60,000	6,000
Dr. R. Srinivasan	45,000	nil

GENERAL BODY MEETINGS:

a) Location, date & time of the last three Annual General Meetings and the Special Resolutions passed thereat:

Financial Year	Date & Time	Location	Special Resolution passed
2006-2007	05.09.2007 4.00 p.m.	"ORCHID" Room, 2 nd floor, Sunville Banquet & Conference Rooms, 9, Annie Besant Road, Worli, Mumbai 400 018	No special resolution passed
2007-2008	26.09.2008 2.30 p.m.	'Tribune 1' Banquet Hall, 6 th floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093	No special resolution passed
2008-2009	25.09.2009 2.30 p.m.	'Tribune 1' Banquet Hall, 6 th floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093	No special resolution passed

Extra-Ordinary General Meetings held during the preceding three years and the Special Resolutions passed thereat:

Financial Year	Date & Time	Location	Special Resolution passed
2006-2007	24.04.2006 4.00 p.m.	Walchand Hirachand Hall, Indian Merchants' Chamber Bldg., Churchgate, Mumbai 400 020	i) Increase in the Authorised Share Capital of the Company from Rs.27,00,00,000/- to Rs.31,00,00,000/- divided into 3,10,00,000 equity shares of Rs.10/- each. ii) Preferential allotment of 32,48,000 Fully Convertible Warrants representing an equal number of equity shares of Rs.10/- each.

b) Special Resolution passed through Postal Ballot:

No Special resolution was passed through Postal Ballot during 2009-2010.

SUBSIDIARIES:

Diagold Designs Limited and Goldiam Jewellery Limited, subsidiaries of the Company, are non-listed material Indian subsidiaries in terms of Explanation 1 to Clause 49(III) of the Listing Agreement with the Stock Exchanges with their respective turnovers exceeding 20% of the consolidated turnover of the holding company with all its subsidiaries. Accordingly, in terms of Clause 49(III)(i) of the Listing Agreement, Mr. Ajay M. Khatlawala and Mr. Rajesh G. Kapadia, Independent Directors on the Board of Directors of the Company, have been appointed on the Board of Directors of Diagold Designs Limited and Goldiam Jewellery Limited respectively.

In terms of Clause 49 III of the Listing Agreement with the Stock Exchanges, the financial statements of the unlisted subsidiary companies are reviewed quarterly by the Audit Committee and the minutes of the Board meetings of the unlisted subsidiary companies are regularly placed before the Company's Board of Directors.

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DISCLOSURES:

None of the transactions with any of the related parties was in conflict with the interests of the Company at large. Attention of the Members is drawn to the transactions with the related parties set out in Notes on Accounts- Schedule 14, Note No.3, forming part of the Annual Report.

The Company's major related party transactions are generally with its Subsidiaries and Associates. The related party transactions are entered into based on considerations of various business exigencies. All related party transactions are negotiated on arms length basis and are only intended to further the interests of the Company. A statement in summary form of the transactions with related parties is periodically placed before the Audit Committee as required under Clause 49 IV (A) of the Listing Agreement with the Stock Exchanges.

The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India and other statutory authorities on all matters relating to capital markets during the last three years and no penalties or strictures have been imposed on the Company by any Stock Exchange, Securities and Exchange Board of India or other statutory authorities.

The non-mandatory requirements contained in Annexure 1D to Clause 49 of the Listing Agreement with the Stock Exchanges have not been adopted.

MEANS OF COMMUNICATION:

The quarterly and annual financial results are sent to the Stock Exchanges immediately after they are approved and taken on record by the Board of Directors. These financial results are normally published in the "Free Press Journal" and "Navshakti" and are also made available on the website of the Company, 'www.goldiam.com'. Annual Reports are despatched to all the shareholders. As per the requirements of the hitherto Clause 51 of the Listing Agreement with the Stock Exchanges, the financial results, shareholding pattern etc. were also electronically filed on the EDIFAR website 'www.sebiedifar.nic.in' within the timeframe prescribed in that regard. No presentation was made to the institutional investors or analysts during the year.

GENERAL SHAREHOLDER INFORMATION:

- I. Annual General Meeting:
 - Date 12th August, 2010
 - Time 3.00 p.m.
 - Venue 'Tribune 1' Banquet Hall, 6th floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093.
- II. Financial Year: 1st April, 2009 to 31st March, 2010
- III. Date of Book Closure: 4th August, 2010 to 12th August, 2010 (both days inclusive).
- IV. Dividend Payment Date: On or after 13th August, 2010 (within the statutory time limit of 30 days), subject to the shareholders' approval.
- V. Listing in Stock Exchanges:
 - Bombay Stock Exchange Limited (BSE)
 - National Stock Exchange of India Limited (NSE)
 - The Annual Listing Fees as applicable have been paid to the above Stock Exchanges.
- VI. Stock Codes: BSE - 526729, NSE - GOLDIAM EQ.
- VII. Market Price Data:

The High and Low Prices of the Company's share during each month in the financial year 2009-2010 are as below:

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	21.72	12.00	22.00	11.40
May, 2009	26.35	16.25	26.10	16.25
June, 2009	35.15	27.20	35.15	27.45
July, 2009	37.90	23.25	38.25	23.75
August, 2009	32.35	24.05	32.35	23.20
September, 2009	32.80	28.00	32.70	27.75
October, 2009	42.70	28.15	42.35	28.65
November, 2009	36.75	33.00	36.40	33.00
December, 2009	48.15	33.00	48.25	33.15
January, 2010	52.35	42.60	52.00	42.45
February, 2010	49.20	40.00	48.00	40.00
March, 2010	50.40	43.15	50.45	43.15

Goldiam International Limited

VIII. Performance:

Generally the share price movement is along the stock market trends and the market trend of the Jewellery Industry.

IX. Registrar and Transfer Agents (RTA):

M/s. Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai - 400 078
Tel no.: 25946970 Fax: 25946969
e-mail: rnt.helpdesk@linkintime.co.in

X. Share Transfer System:

With a view to expedite the process of share transfer which are received in physical form, a Share Transfer Committee had been constituted which usually meets once in a fortnight to consider and approve the transfer, transmission, dematerialization, rematerialisation of shares etc. The transfers of physical shares are effected by the Share Transfer Agents after approval by the Share Transfer Committee; provided the documents are complete in all respects and the share transfer is not under any dispute and the share certificates duly endorsed are sent to the shareholders by them. The minutes of the meetings of the Share Transfer Committee are placed at the Board Meeting.

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

XI. Distribution of Shareholding:

Distribution of Shareholding as on 31st March, 2010:

Equity Shareholding	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 – 500	10068	83.43	1983975	7.96
501 – 1000	963	7.98	793403	3.18
1001 – 2000	538	4.46	848616	3.40
2001 – 3000	148	1.22	392059	1.57
3001 – 4000	94	0.78	340774	1.37
4001 – 5000	58	0.48	277819	1.11
5001 – 10000	99	0.82	731468	2.93
10001 & Above	100	0.83	19577882	78.48
Total	12068	100.00	24945996	100.00

Shareholding Pattern as on 31st March, 2010:

Category	Number of Shares	Percentage
Shareholding of Promoters & Promoter Group	13548100	54.31
Public Shareholding		
● Institutions		
Mutual Funds/ UTI	8000	0.03
Financial Institutions/ Banks	400	0.00
● Non-Institutions		
Bodies Corporate	803961	3.22
Individuals	6790277	27.22
Clearing Member	49052	0.20
Market Maker	23761	0.10
Foreign Nationals, NRIs, Foreign Companies, OCBs	3138522	12.58
Independent Directors	8000	0.03
HUF	574923	2.30
Trusts	1000	0.01
Total	24945996	100.00

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XII. Dematerialization of shares and liquidity:

The shares of the Company are traded compulsorily in the dematerialized form and connectivity has been established with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2010, 24308079 equity shares, representing 97.44% of the Company's share capital, stood dematerialized. The International Securities Identification Number (ISIN) allotted to the shares of the Company under the Depository System is **INE025B01017**.

XIII. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, etc.:

As on date, the Company has not issued GDR/ADR/Warrants or any convertible instruments.

XIV. Plant Locations:

GOLDIAM INTERNATIONAL LIMITED, GEMS & JEWELLERY COMPLEX, SEEPZ (SEZ), ANDHERI (E), MUMBAI - 400 096.

XV. Address for Correspondence:

GOLDIAM INTERNATIONAL LIMITED, GEMS & JEWELLERY COMPLEX, SEEPZ (SEZ), ANDHERI (E), MUMBAI - 400 096

COMPLIANCE CERTIFICATE OF AUDITORS: Attached with this Report.

No qualification in Auditors' Report.

CODE OF CONDUCT:

In accordance with Clause 49 sub-clause I(D)(ii) of the Listing Agreement with the Stock Exchanges, I, Mr. Rashesh M. Bhansali, in my capacity as the Managing Director of Goldiam International Limited, hereby confirm that all members of the Board of Directors and Senior Management Personnel of the Company have affirmed their compliance with the code of conduct of the Company in respect of the financial year 2009-2010.

For GOLDIAM INTERNATIONAL LIMITED

RASHESH M. BHANSALI
Vice Chairman & Managing Director

Mumbai: 30th May, 2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Goldiam International Limited
Mumbai.

We have examined the compliance of conditions of Corporate Governance by Goldiam International Limited for the year ended on March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 Pulindra Patel & Co.
Chartered Accountants

PULINDRA M. PATEL
Proprietor

Place: Mumbai
Date: 30th May, 2010

Membership No. 48991
FRN No. 115187W

Goldiam International Limited

AUDITORS' REPORT

TO THE MEMBERS OF GOLDIAM INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of GOLDIAM INTERNATIONAL LIMITED as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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 mis-statement. 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 sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Pulindra Patel & Co.
Chartered Accountants

(Pulindra Patel)
Proprietor

Membership No. 48991

FRN No. 115187W

Place: Mumbai

Date: 30th May, 2010

Annexure

(Referred to in 3rd paragraph of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal of fixed assets during the year and the going concern status of the Company is not affected.
2. (a) As explained to us, the management has conducted physical verification of inventory at reasonable intervals.
 - (b) In our opinion and according to the information & explanations given to us, the procedure of physical verification of inventories followed by the management is 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 & explanations given to us, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) According to the information and explanations given to us, the company has granted loans to two parties of which one is wholly owned subsidiary company, covered in the registered maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 193,991,393/- and year end balance of the loans granted was Rs. 87,706,445/-.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the company.
 - (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
 - (d) There is no overdue amount of loans granted to companies, listed in the register maintained under section 301 of the Companies Act, 1956.

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- e) According to the information and explanations given to us, the Company has not taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of Clauses (iii) (f) and (iii) (g) of Paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal controls commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956:
- (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public.
7. The Internal Audit of the company has been carried out by an independent firm of Chartered Accountants. In our opinion, the internal audit functions carried out have been commensurate with the size and nature of its business.
8. We have been informed that the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
9. According to the information and explanations given to us and on the basis of the examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, cess and other undisputed statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.

According to the records of the Company, disputed Municipal Property Tax together with Penalty not deposited on account of dispute are as follows.

Name of Statute / Description	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Property Tax	13,696,775/-	1997-98	Bombay High Court

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current financial year and has incurred cash losses in the immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institution or by way of debentures.
12. According to the information and explanations given to us, the Company has not granted any 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. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In respect of dealing in shares, debentures, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company had given guarantee for loan taken by subsidiary / Joint venture from a bank; in our opinion the terms and conditions on which guarantee is given is not prima facie prejudicial to the interest of the Company.
16. The Company did not have any term loans outstanding during the year.
17. We have been informed by the management that the funds raised on short-term basis have not been used for long-term investment, though surplus funds which were not required for immediate utilisation have been gainfully invested in Shares, Mutual Fund, Liquid Fund and investments payable on demand.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Pulindra Patel & Co.
Chartered Accountants

(Pulindra Patel)
Proprietor

Place: Mumbai
Date: 30th May, 2010

Membership No. 48991
FRN No. 115187W

Goldiam International Limited

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
I) SOURCES OF FUNDS :				
1) SHAREHOLDERS FUNDS :				
a) SHARE CAPITAL	1	249,459,960		255,459,960
b) RESERVES AND SURPLUS	2	<u>1,299,094,092</u>		<u>1,294,273,967</u>
			1,548,554,052	1,549,733,927
2) LOAN FUNDS :				
SECURED LOANS		—		—
UNSECURED LOANS		—		—
			<u>—</u>	<u>—</u>
TOTAL Rs.			<u>1,548,554,052</u>	<u>1,549,733,927</u>
II) APPLICATION OF FUNDS :				
1) FIXED ASSETS				
GROSS BLOCK	3	231,832,037		235,913,617
LESS: DEPRECIATION		<u>139,198,311</u>		<u>135,700,644</u>
NET BLOCK			92,633,726	100,212,973
2) INVESTMENTS	4		898,368,264	617,639,414
3) DEFERRED TAX ASSETS (Refer Note No.22 of Schedule 14)			13,484,468	4,923,481
4) CURRENT ASSETS, LOANS AND ADVANCES :				
a) INVENTORIES		282,101,436		331,698,671
b) SUNDRY DEBTORS		258,484,366		313,776,655
c) CASH AND BANK BALANCES		26,808,582		108,441,672
d) LOANS AND ADVANCES		<u>135,109,143</u>		<u>245,782,696</u>
			702,503,527	999,699,695
5) LESS: CURRENT LIABILITIES AND PROVISIONS :				
1) CURRENT LIABILITIES	6	124,512,103		198,318,433
2) PROVISIONS		<u>33,923,830</u>		<u>4,010,797</u>
				<u>202,329,230</u>
NET CURRENT ASSETS			544,067,594	797,370,465
6) MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) (Refer Schedule 14 Note No. 1 (P))	7		—	29,587,594
TOTAL Rs.			<u>1,548,554,052</u>	<u>1,549,733,927</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	14			

Schedules referred to above form an integral part of Balance Sheet
As per our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

For and on behalf of the Board

Pulindra M. Patel
Proprietor
Membership No. 048991

Rachana V. Vora
Company Secretary

Manhar R. Bhansali
Chairman & Mg. Director

Rashesh M. Bhansali
V. Chairman & Mg. Director

Place : Mumbai
Date : 30th May, 2010

Place : Mumbai
Date : 30th May, 2010

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
I) INCOME :			
SALES	8	593,516,933	559,396,944
INCREASE/(DECREASE) IN STOCK	9	(9,266,237)	(23,179,529)
PROFIT ON SALE OF ASSETS		175,622	—
OTHER INCOME	10	82,016,063	59,651,861
TOTAL Rs.		666,442,381	595,869,276
II) EXPENDITURE :			
COST OF MATERIALS	11	355,487,905	373,560,893
PURCHASE FOR TRADING		79,472,059	95,992,242
MANUFACTURING AND OTHER EXPENSES	12	170,080,284	246,673,051
INTEREST & FINANCE CHARGES	13	2,067,718	1,406,968
DEPRECIATION, AMORTISATION AND IMPAIRMENT	3	12,257,422	16,344,981
LOSS ON SALE OF ASSETS		—	1,382,223
TOTAL Rs.		619,365,387	735,360,357
III) PROFIT :			
PROFIT/ (LOSS) BEFORE TAX		47,076,994	(139,491,081)
PROVISION FOR TAX :			
– CURRENT TAX		6,381,925	140,000
– DEFERRED TAX ASSET		8,560,987	3,988,079
– FRINGE BENEFIT TAX		—	628,939
– SHORT / EXCESS PROVISION FOR TAX		1,867,361	40,865
PROFIT/ (LOSS) AFTER TAX		51,123,417	(136,231,076)
BALANCE BROUGHT FORWARD		715,683,485	851,914,561
PROFIT AVAILABLE FOR APPROPRIATION		766,806,902	715,683,485
APPROPRIATION :			
PROPOSED DIVIDEND		24,945,996	—
PROVISION FOR TAX ON PROPOSED DIVIDEND		4,143,280	—
BALANCE CARRIED FORWARD TO BALANCE SHEET		737,717,626	715,683,485
TOTAL Rs.		766,806,902	715,683,485
EARNING PER SHARE (Face Value Rs.10/-)			
Basic		2.05	(5.33)
Diluted		2.01	(5.24)
(Refer Note No.8 of Schedule 14)			

**SIGNIFICANT ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS**

14

Schedules referred to above form an integral part of Profit & Loss Account
As per our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

For and on behalf of the Board

Pulindra M. Patel
Proprietor
Membership No. 048991

Rachana V. Vora
Company Secretary

Manhar R. Bhansali
Chairman & Mg. Director

Rashesh M. Bhansali
V. Chairman & Mg. Director

Place : Mumbai
Date : 30th May, 2010

Place : Mumbai
Date : 30th May, 2010

Goldiam International Limited

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Rupees	2009-10 Rupees	2008-09 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES :			
NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		47,076,994	(139,491,081)
ADJUSTMENT FOR :			
Depreciation (Schedule 3)	12,257,422		16,344,981
Profit/Loss on sale of Investment (Net)	(16,496,758)		(553,619)
Interest	(15,261,847)		(28,705,817)
Revaluation Loss on Investments	(10,608,997)		9,147,087
Profit / Loss on Sale of Assets	(175,622)		1,439,092
Dividend	(15,606,231)		(19,103,697)
Voluntary Retirement expenses written off	50,067,841		7,396,898
(Short)/Excess Provision for taxation written off	1,867,361		40,865
		6,043,170	(13,994,209)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		53,120,164	(153,485,290)
ADJUSTMENT FOR :			
Trade and other Receivable	168,215,488		425,209,516
Inventories	49,597,235		77,864,341
Trade Payable	(73,806,330)		(7,058,532)
		144,006,393	496,015,324
CASH GENERATED FROM OPERATIONS		197,126,557	342,530,034
Interest Paid	(2,067,718)		(1,406,968)
Direct Tax Paid	(4,635,186)		(7,375,863)
Voluntary Retirement Scheme expenses	(20,480,247)		(36,984,492)
		(27,183,151)	(45,767,323)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		169,943,406	296,762,711
NET CASH FROM OPERATING ACTIVITIES		169,943,406	296,762,711
B) CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(7,286,442)		(216,038)
Sale of Fixed Assets	2,783,889		6,259,916
Purchase of Investments	(2,304,653,916)		(1,299,462,507)
Purchase of Investments in Subsidiary	(5,199,090)		(7,200,000)
Sale of Investments	2,056,229,911		1,095,112,036
Interest received	14,156,937		27,570,972
Dividend received	15,606,231		19,103,697
NET CASH USED IN INVESTING ACTIVITIES		(228,362,480)	(158,831,924)
C) CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Issue of Share Capital including share premium amount	(23,214,016)		(59,295,674)
Repayment of Long Term Borrowing	—		(49,947,940)
NET CASH USED IN FINANCING ACTIVITIES		(23,214,016)	(109,243,614)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(81,633,090)	28,687,172
CASH AND CASH EQUIVALENTS AS AT 01.04.2009		108,441,672	79,754,500
CASH AND CASH EQUIVALENTS AS AT 31.03.2010		26,808,582	108,441,672

As per our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 048991

Place : Mumbai
Date : 30th May, 2010

For and on behalf of the Board

Rachana V. Vora
Company Secretary

Manhar R. Bhansali
Chairman & Mg. Director

Rashesh M. Bhansali
V. Chairman & Mg. Director

Place : Mumbai
Date : 30th May, 2010

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SCHEDULES

	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE "1"			
SHARE CAPITAL :			
AUTHORISED CAPITAL			
31000000 Equity Shares of Rs. 10/- each		<u>310,000,000</u>	310,000,000
		<u>310,000,000</u>	<u>310,000,000</u>
Issued Capital			
24945996 Equity Shares of Rs.10/- each		<u>249,459,960</u>	255,459,960
(Previous Year 25545996 Equity Shares of Rs.10/- each)		<u>249,459,960</u>	<u>255,459,960</u>
Subscribed and Paid up Capital			
24945996 Equity Shares of Rs.10/- each		<u>249,459,960</u>	255,459,960
(Previous year 25545996 Equity Shares of Rs.10/- each)			
1) Out of which 2,25,24,600 Equity Shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares capitalised from security premium & reserves & surplus.			
2) During the year under review, the company bought back from the open market through stock exchanges 600000 (Previous Year 1486804) Equity Shares of Rs.10/- each and paid Rs.23,214,016/- (Previous Year Rs.44,427,634/-) by way of Premium and the same including face value of shares bought back has been debited to share premium and general reserve account.			
TOTAL Rs.		<u>249,459,960</u>	<u>255,459,960</u>
SCHEDULE "2"			
RESERVES AND SURPLUS			
1. Capital Redemption Reserve :			
As per last Balance Sheet	14,868,040		—
Add : Transfer from Security Premium and General Reserves	<u>6,000,000</u>		14,868,040
		<u>20,868,040</u>	14,868,040
2. Security Premium :			
As per last Balance Sheet	15,354,326		74,650,000
Less: Utilised during the year for buy-back of shares	11,816,296		44,427,634
Less: Transfer to Capital Redemption Reserve (See Schedule 14 Note No. 27)	<u>3,538,030</u>		14,868,040
		—	15,354,326
3. Capital Reserve Account			
As per last Balance Sheet		<u>47,970,000</u>	47,970,000
4. General Reserve			
As per last Balance Sheet	500,398,116		500,398,116
Less: Utilised during the year for buy-back of shares	5,397,720		—
Less: Transfer to Capital Redemption Reserve (See Schedule 14 Note No. 27)	<u>2,461,970</u>		—
		<u>492,538,426</u>	500,398,116
5. Profit & Loss Account		<u>737,717,626</u>	715,683,485
TOTAL Rs.		<u>1,299,094,092</u>	<u>1,294,273,967</u>

Goldiam International Limited

SCHEDULE "3" FIXED ASSETS		(Amount in Rupees)											
		GROSS BLOCK						DEPRECIATION					
Sr. No.	Description	Cost as on 01.04.2009	Addition	Deduction	Cost as on 31.03.2010	As on 01.04.2009	For the Year	Deduction	As on 31.03.2010	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009	
A	TANGIBLE ASSETS												
1	FACTORY												
	BUILDING	31,333,353	—	—	31,333,353	23,065,587	826,777	—	23,892,364	7,440,989	8,267,766		
2	OFFICE PREMISES	64,655,666	—	—	64,655,666	15,760,871	2,444,740	—	18,205,611	46,450,055	48,894,795		
3	FURNITURE & FIXTURE	34,940,741	—	—	34,940,741	21,765,867	2,384,652	—	24,150,519	10,790,222	13,174,874		
4	OFFICE EQUIPMENT	5,863,206	91,759	—	5,954,965	3,546,450	323,532	—	3,869,982	2,084,983	2,316,756		
5	PLANT & MACHINERY												
	A) MACHINERY	38,382,091	53,778	1,584,843	36,851,026	27,441,132	1,667,358	1,398,398	27,710,092	9,140,934	10,940,959		
	B) COMPUTERS	14,853,470	466,470	—	15,319,940	12,580,819	949,064	—	13,529,883	1,790,057	2,272,651		
	C) AIR CONDITIONER	6,109,925	—	—	6,109,925	4,279,675	254,588	—	4,534,263	1,575,662	1,830,250		
	D) LIFT	1,693,524	—	—	1,693,524	1,460,272	32,445	—	1,492,717	200,807	233,252		
	E) ELECTRICAL INST.	13,912,440	—	—	13,912,440	10,461,006	480,094	—	10,941,100	2,971,340	3,451,434		
6	VEHICLES	24,169,201	6,674,435	9,783,179	21,060,457	15,338,965	2,894,172	7,361,357	10,871,780	10,188,677	8,830,236		
	TOTAL Rs.	235,913,617	7,286,442	11,368,022	231,832,037	135,700,644	12,257,422	8,759,755	139,198,311	92,633,726	100,212,973		
	PREVIOUS YEAR	248,147,935	216,038	12,450,356	235,913,617	124,107,011	16,344,981	4,751,348	135,700,644	100,212,973			

NOTE: 1. Office Premises includes Rs.4,500/- the value of share in a co-operative society.

2. Depreciation on Plant & Machinery includes impairment loss of Rs. Nil/- (Previous year Rs.1,173,018/-)

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SCHEDULE "4" INVESTMENTS :	No. of Shares	Face Value Rupees	As at 31.03.2010 Rupees	No. of Shares	As at 31.03.2009 Rupees
A. LONG TERM INVESTMENTS					
TRADE:					
In Equity Shares of Subsidiary Company - Unquoted, fully paid up					
1. Diagold Designs Limited	2039658	10	46,839,389	1,999,665	41,640,299
2. Goldiam Jewels Limited	1516500	10	31,501,250	1,516,500	31,501,250
3. Goldiam Jewellery Limited	1000000	10	10,000,000	1,000,000	10,000,000
4. Goldiam USA, Inc. (Face value of US\$ 0.01/-each)	200		7,200,000	200	7,200,000
5. Goldiam HK Limited (Face value of HK\$ 1/-each) (upto 22.07.2009)	—		—	5,982,725	32,778,408
In Equity Shares of Joint Venture Company - Unquoted, fully paid up					
1. Goldiam HK Limited (Face value of HK\$ 1/-each) (from 23.07.2009)	5982725		32,778,408		
OTHER THAN TRADE:					
In Equity Shares - Unquoted, fully paid up					
1. Gujarat Pipavav Ports Limited	51500	10	51,500	51,500	51,500
2. Sip Technologies Limited	1891	10	18,910	1,891	18,910
In Units of Mutual Fund, fully paid up					
1) J.M.Core 11 Fund Series 1 Dividend Option	No. of Units 1000000	10	8,450,800	No. of Units 1,000,000	8,450,800
2) Kshitij Venture Capital Fund	30000	1000	30,000,000	30,000	30,000,000
In Debentures - Unquoted, fully paid up					
	No. of Debentures			No. of Debentures	
Barclays Investments & Loans (India) Ltd. Sr-115 BR NCD(*)	34	1000000	34,000,000	—	—
Barclays Investments & Loans (India) Ltd. Sr-121 BR NCD(*)	25	1000000	25,000,000	—	—
Morgan Stanley India Capital Pvt. Ltd. Sr-4 BR NCD (*)	50	1000000	50,000,000	—	—
Morgan Stanley India Capital Pvt. Ltd. Sr-13 BR NCD (*)	20	1000000	20,200,000	—	—
Morgan Stanley India Capital Pvt. Ltd. Sr-14 BR NCD (*)	5	1000000	5,050,000	—	—
Prakausali Investments (India) Pvt. Ltd. 12.75% NCD (*)	20	1000000	20,000,000	—	—
TOTAL Rs.			321,090,257		161,641,167
B. CURRENT INVESTMENTS					
OTHER THAN TRADE:					
In Equity Shares - Quoted, fully paid up					
	No. of Shares			No. of Shares	
1) Classic Diamonds (I) Limited (Face value split to Rs 2)	5	2	102	1	8
2) Reliable Ventures Limited	50000	10	1,165,000	50,000	684,000
3) Ruby Mills Limited	—	—	—	826	233,304
4) S B & T International Limited	1	10	10	1	7
5) Shrenuj & Co Limited (Face value split to Rs 2)	5	2	74	1	70
6) Suashish Diamonds Limited	1	10	69	1	69
7) Suraj Diamonds & Jewellery Limited	1	10	43	1	21
8) Titan Industries Limited	1	10	257	1	257
In Redeemable Preference Shares - Unquoted, fully paid					
K.S.Realty Construction Private Limited	2750	10	27,500	2,750	27,500
In Debentures - Unquoted, fully paid up					
	No. of Debentures			No. of Debentures	
Jayneer Capital Private Limited 13% NCD(*)	3	50000	15,204,135	—	—
K.S.Realty Construction Private Limited	—	—	—	50	50,000,000
Morgan Stanley India Capital Private Limited Sr-3 BR NCD(*)	50	1000000	50,000,000	—	—

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	No. of Units	Face Value Rupees	As at 31.03.2010 Rupees	No. of Units	As at 31.03.2009 Rupees
In Debentures - Quoted, fully paid up					
Kotak Nifty Link Debentures Type II	—	—	—	4	10,000,000
In Units of Mutual Fund -UNQUOTED					
1) Kotak Alternate Opportunities (India) Fund			17,443,125		11,750,000
2) Bharti AXA Equity Fund Eco Plan - Growth	37762	10	658,725	—	—
3) Bharti AXA Treasury Advantage Fund - Institutional Plan - Daily Dividend	40000	1000	40,000,000	—	—
4) Birla Sun Life Dynamic Bond Fund - Retail - Quarterly Dividend	—	—	—	481817	5,146,156
5) Birla Sun Life Income Plus - Quarterly Dividend	—	—	—	835967	9,349,367
6) Birla Sun Life MIP II - Savings 5 - Growth	923462	10	15,000,000	—	—
7) BSL Medium Term Plan - Institutional - Weekly Dividend - Reinvest	4032726	10	40,433,592	—	—
8) DWS Twin Advantage Fund - Growth	1981519	10	30,000,000	—	—
9) Fortis FTP Ser 12 Plan B Institutional Growth (Old Name ABN Amro FTP Ser 12 Plan B Inst Growth)	—	10	—	1000000	10,000,000
10) Fortis Flexi Debt Fund - Regular - Quarterly Dividend	—	10	—	880441	8,804,412
11) Fortis Money Plus Inst. Weekly Dividend Reinvest	—	10	—	2519896	25,198,963
12) Fortis Money Plus Institutional Daily Dividend Reinvest	10227761	10	102,309,319	—	—
13) ICICI Prudential Flexible Income Plan Weekly Dividend Reinvest		10		10532464	111,029,019
14) ICICI Prudential Flexible Income Plan Weekly Dividend Reinvest	386623	100	40,771,720	—	—
15) ICICI Prudential Inst. Income Plan - Quarterly Dividend	—	10	—	4906733	56,185,033
16) ICICI Prudential Inst. Short Term Plan - DR - Fortnightly	—	10	—	846955	10,142,204
17) ICICI Prudential Inst. Short Term Plan - DR- Monthly	—	10	—	4999209	59,811,034
18) Kotak FMP 13 Months Series 6 Growth	2000000	10	20,000,000	—	—
19) Kotak Floater Long Term - Daily Dividend	21912	10	220,873	—	—
20) Kotak Quarterly Interval Plan Series 1 - Dividend	3000000	10	30,000,000	—	—
21) Reliance Income Fund - Retail Plan - Quarterly Dividend Plan	—	10	—	2872263	37,316,732
22) Tata Floater Fund - Daily Dividend	1504106	10	15,094,606	—	—
23) Templeton India Income Opportunities Fund - Growth	3000000	10	30,000,000	—	—
24) Templeton Floating Rate Income Fund Long Term Plan Super Institutional - Daily Dividend Reinvest	12885061	10	128,948,859	5029593	50,320,094
TOTAL Rs.			577,278,008		455,998,247
Note (*) : (NCD refers to Non Convertible Debentures)					
TOTAL Rs.			898,368,264		617,639,414
Aggregate Book Value of all quoted Investments			503,495,224		62,578,017
Market Value of all quoted Investments			501,220,435		60,917,735
Aggregate Book Value of all unquoted Investments			395,314,217		556,721,679
NOTES:					
(1) The following investments have been purchased and sold during the year.					
NAME OF THE MUTUAL FUNDS					
Particulars	Face Value	No. of Units	Amount in Rs.		
BIRLA SUN LIFE SAVINGS FUND - INSTITUTIONAL - DAILY DIVIDEND - REINVESTMENT	10	2999475.736	30,015,154		
BIRLA SUN LIFE SAVINGS FUND - RETAIL - WEEKLY DIVIDEND - REINVESTMENT	10	1514033.703	15,154,053		
CANARA ROBECO SHORT TERM - INSTITUTIONAL - MONTHLY DIVIDEND FUND	10	1486685.924	15,103,811		
DSP BLACK ROCK FLOATING RATE FUND - REGULAR PLAN-WEEKLY DIVIDEND	10	2006530.534	20,150,271		
FORTIS FLEXI DEBT FUND - REGULAR PLAN A GROWTH	10	2802140.836	30,000,000		
FORTIS MONEY PLUS INSTITUTIONAL - GROWTH	10	14064072.956	190,000,000		
FORTIS MONEY PLUS INSTITUTIONAL - WEEKLY DIVIDEND	10	2497303.792	24,993,884		
HDFC SHORT TERM PLAN - DIVIDEND PAYOUT	10	954626.598	10,000,000		

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Particulars	Face Value	No. of Units	Amount in Rs.
HDFC CASH MANAGEMENT FUND-TREASURY ADVANTAGE PLAN-WHOLESALE-DAILY DIVIDEND REINVEST	10	2504451.185	25,123,402
HDFC CASH MANAGEMENT FUND - TREASURY ADVANTAGE PLAN-WHOLESALE-WEEKLY DIVIDEND	10	4493469.573	45,040,405
HDFC CASH MANAGEMENT FUND - TREASURY ADVANTAGE PLAN-RETAIL-WEEKLY DIVIDEND-REINVEST	10	993241.071	9,957,568
ICICI PRUDENTIAL INSTITUTIONAL SHORT TERM PLAN-MONTHLY DIVIDEND REINVEST	10	25515.826	309,951
ICICI PRUDENTIAL INSTITUTIONAL SHORT TERM PLAN - GROWTH	10	15210937.213	284,777,212
ICICI PRUDENTIAL INSTITUTIONAL SHORT TERM PLAN-FORTNIGHTLY DIVIDEND REINVESTMENT	10	7481244.858	90,507,831
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM - WEEKLY DIVIDEND	10	17,431,990.696	183,877,386
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM - WEEKLY DIVIDEND	100	94868.830	10,006,062
KOTAK FLOATER LONG TERM - DAILY DIVIDEND	10	122708.601	1,236,878
TEMPLETON FLOATING RATE INCOME FUND			
LONG TERM PLAN SUPER INST- DD REINVEST	10	17,609,119.942	176,203,898
TEMPLETON INDIA SHORT TERM INCOME - RETAIL PLAN-WEEKLY DIVIDEND REINVEST	10	28083.808	30,182,722
TEMPLETON INDIA ULTRA SHORT BOND FUND			
RETAIL PLAN- DAILY DIVIDEND REINVEST	10	1004068.711	10,051,330
TATA FLOATER FUND - DAILY DIVIDEND	10	3030699.156	30,414,884
RELIANCE MONEY MANAGER FUND - INSTITUTIONAL OPTION-WEEKLY DIVIDEND PLAN	10	39068.991	39,135,355
RELIANCE MONEY MANAGER FUND- INSTITUTIONAL OPTION-DAILY DIVIDEND PLAN	10	25022.782	25,051,220
NAME OF THE COMPANY			
Particulars	Face Value	No. of Shares	Amount in Rs.
APOLLO TYRES LIMITED	1	20000	1,027,392
ASHOK LEYLAND LIMITED	1	25000	1,370,083
AUTO LINE INDUSTRIES LIMITED	10	5000	716,367
DISH TV INDIA LIMITED	1	10000	461,700
ECLERK SERVICES LIMITED	10	1000	446,565
EXIDE INDUSTRIES LIMITED	1	1000	1,225,031
GUJARAT MINERAL DEVELOPMENT CORPORATION LIMITED	2	2000	358,900
HINDALCO INDUSTRIES LIMITED	1	10000	1,314,215
HINDUSTAN OIL EXPLORATION CO. LIMITED	10	1000	309,760
HINDUSTAN ORGANIC CHEMICALS LIMITED	10	10000	566,400
JK TYRE & INDUSTRIES LIMITED	10	10000	1,444,767
J M FINANCIAL LIMITED	1	20300	1,025,238
LAXMI VILLA BANK LIMITED	10	15911	1,359,660
MRF LIMITED	10	250	1,578,938
NHPC LIMITED	10	101471	3,652,956
RALLIS INDIA LIMITED	10	740	719,574
S.KUMARS NATIONWIDE LIMITED	10	25000	1,231,250
SPICEJET LIMITED	10	30000	1,074,750
UB ENGINEERING LIMITED	10	30707	3,960,651
VIP INDUSTRIES LIMITED	10	5000	895,000
VOLTAS LIMITED	1	15000	2,360,850
SCHEDULE "5"			
		As at	As at
		31.03.2010	31.03.2009
CURRENT ASSETS, LOANS AND ADVANCES	Rupees	Rupees	Rupees
1) CURRENT ASSETS :			
a) INVENTORIES :			
Stock of Consumable Stores & Spare parts (at cost)	1,434,857		1,630,063
Raw Materials	221,439,261		261,575,053
(At cost or net realisable value whichever is less)			
Finished Goods (at cost or net realisable value whichever is less)	59,227,318		68,493,555
TOTAL Rs.		282,101,436	331,698,671

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SCHEDULE "5" contd.	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
b) SUNDRY DEBTORS :		
(Unsecured)		
Outstanding for a period exceeding six months		
– Considered good	51,677,416	267,742,497
– Considered doubtful	—	—
Other Debts		
– Considered good	206,806,950	46,034,158
– Considered doubtful	—	—
TOTAL Rs.	258,484,366	313,776,655
c) CASH AND BANK BALANCES :		
Cash on Hand	775,605	1,763,507
Balance with Banks in		
– Current Account	9,066,151	60,408,034
– EEFC Account	16,903,362	46,270,131
– Fixed Deposit with Banks	63,464	—
TOTAL Rs.	26,808,582	108,441,672
II) LOANS AND ADVANCES :		
(Considered good except where provided for)		
Loans and Advances	111,259,773	221,418,433
Advance tax paid (net of provision)	21,795,480	21,802,230
Security & Other Deposits	2,053,890	2,562,033
TOTAL Rs.	135,109,143	245,782,696
	702,503,527	999,699,695
SCHEDULE "6"		
CURRENT LIABILITIES & PROVISIONS :		
CURRENT LIABILITIES :		
Sundry Creditors :		
Dues to Micro, Small and Medium Enterprises	120,124	118,168
Others	122,050,408	189,657,077
Advance from Customers	2,341,571	8,543,188
	124,512,103	198,318,433
PROVISIONS :		
Proposed Dividend	24,945,996	—
Provision for Tax on Proposed Dividend	4,143,280	—
Provision for Current Tax	4,691,129	3,870,797
Provision for Wealth Tax	143,425	140,000
TOTAL Rs.	33,923,830	4,010,797
	158,435,933	202,329,230
SCHEDULE "7"		
MISCELLANEOUS EXPENDITURE :		
(To the extent not written off or adjusted)		
Voluntary Retirement Scheme expenses	29,587,594	36,984,492
Add : Addition during the year	20,480,247	—
	50,067,841	36,984,492
Less : written off during the year	50,067,841	7,396,898
	—	29,587,594
	—	29,587,594

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SCHEDULE "8"	Rupees	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SALES			
EXPORT SALES	521,833,471		481,173,475
LOCAL SALES	71,751,666		78,317,183
	<u>593,585,137</u>		<u>559,490,658</u>
LESS : VAT	68,204		93,714
		<u>593,516,933</u>	<u>559,396,944</u>
TOTAL Rs.		<u>593,516,933</u>	<u>559,396,944</u>
SCHEDULE "9"			
INCREASE/DECREASE IN STOCK :			
Closing Stocks - Finished Goods		59,227,318	68,493,555
Opening Stocks - Finished Goods		<u>68,493,555</u>	<u>91,673,084</u>
TOTAL Rs.		<u>(9,266,237)</u>	<u>(23,179,529)</u>
SCHEDULE "10"			
OTHER INCOME :			
Debit / Credit Balance written off		17,689,056	2,134,714
Dividend on Units of Mutual Funds		15,604,219	18,911,310
Profit on Sale of Investments (net)		16,496,758	553,619
Dividend on Shares		2,012	192,387
Miscellaneous Income		6,779	653,591
Interest received (TDS Rs.2,313,793/- Previous Year Rs.4,653,756/-)		17,329,564	30,112,785
Rent Income (TDS Rs.2,828,525/- Previous Year Rs.1,576,758/-)		14,555,625	6,958,333
Consultancy Charges (TDS Rs.36,625/- Previous Year Rs.Nil)		332,050	—
Exchange Difference EEFC A/c		—	135,124
TOTAL Rs.		<u>82,016,063</u>	<u>59,651,861</u>
SCHEDULE "11"			
COST OF MATERIALS :			
Opening Stock		261,575,053	315,584,548
Add: Purchases (Net of Exchange gain of Rs.11,108,130/- Previous Year loss of Rs.4,524,672/-)		315,352,113	319,551,398
		<u>576,927,166</u>	<u>635,135,946</u>
Less : Closing Stock		<u>221,439,261</u>	<u>261,575,053</u>
TOTAL Rs.		<u>355,487,905</u>	<u>373,560,893</u>
SCHEDULE "12"			
MANUFACTURING AND OTHER EXPENSES :			
MANUFACTURING EXPENSES :			
Stores & Spares		2,945,179	4,503,655
Power & Water		4,756,377	6,613,247
Repairs & Maintenance (Building)		185,284	661,204
Machinery & Electrical Repairs		300,429	404,763
Grooving Charges		390,365	472,384
Insurance (Building)		63,882	145,519
Others		3,930,561	896,770
		<u>12,572,077</u>	<u>13,697,543</u>

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SCHEDULE "12" contd.	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
WAGES, SALARIES AND OTHER BENEFITS :		
Salaries, Wages, Bonus & Ex-gratia	8,727,112	53,214,376
Contribution to E.S.I.C.	199,202	1,221,306
Contribution to Provident Fund	462,871	3,081,092
Voluntary Retirement Scheme expenses written off	50,067,841	7,396,898
Contribution to Group Gratuity Scheme	1,336,754	3,045,815
Contribution to life cover premium under Group Gratuity Scheme	18,260	56,213
Workmen & Staff Welfare expenses	564,113	1,206,262
	<u>61,376,153</u>	<u>69,221,963</u>
OTHER EXPENSES :		
Insurance Charges	181,036	385,770
Exchange Difference	54,427,433	116,827,042
Rent, Rates & Taxes	1,719,407	3,933,257
Repairs & Maintenance others	1,103,371	1,597,532
Commission on Sales	10,459,973	7,532,214
Advertisement	440,291	1,012,107
Travelling and Conveyance	1,851,036	4,197,206
Telephone Charges	657,546	1,384,355
Printing & Stationery	668,969	866,121
Auditors' Remuneration	162,000	205,652
Donation	25,000	25,501
Vehicle expenses	1,065,819	1,344,058
Portfolio Management Fees	34,000	1,024,440
Security Transaction Tax	131,291	181,665
Bad Debts	15,156,208	—
Revaluation Loss on Investments	441,176	9,147,087
ECGC Premium	3,309,101	1,863,600
Share Buy Back expenses	990,169	1,120,872
General expenses	3,308,229	11,105,069
	<u>96,132,054</u>	<u>163,753,545</u>
TOTAL Rs.	<u>170,080,284</u>	<u>246,673,051</u>
SCHEDULE "13"		
INTEREST & FINANCE CHARGES		
Bank Charges	1,978,398	1,165,416
Interest on Bank Loan	89,320	241,552
TOTAL Rs.	<u>2,067,718</u>	<u>1,406,968</u>

SCHEDULE 14

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES:

A) BASIS OF PREPARATION OF ACCOUNTS :

The financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India, to the extent applicable. The financial statements have been prepared under historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

B) USE OF ESTIMATES :

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and reported amounts of revenue and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

C) FIXED ASSETS:

Fixed Assets are stated at cost (Net of VAT wherever applicable) less accumulated depreciation and impairments, if any. They are stated at historical cost.

D) IMPAIRMENT OF ASSETS :

- i) At each Balance sheet date, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS)-28 "Impairment of Assets".
- ii) After Impairment, depreciation is provided on the revised carrying amount of the assets.
- iii) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if no impairment loss had been recognized.

E) DEPRECIATION:

Depreciation on Fixed Assets is provided on "Written Down Value" method and at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition to fixed assets is provided on prorata basis from the date of acquisition or installation. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

F) INVESTMENTS:

- i) Investments that are intended to be held for more than a year from the date of acquisition and those having fixed maturity period of more than a year are classified as long-term Investments and are stated at cost. Provision for diminution in value of long-term investments are made, if the diminution in value is other than temporary.
- ii) Current investments are valued at cost or market value, whichever is lower, on scrip wise basis. Cost is determined on First In First Out (FIFO) basis.
- iii) Reclassification of investments are made at the lower of cost and fair value at the date of transfer wherever available.

G) INVENTORIES:

- i) Raw materials are valued at cost or net realisable value, whichever is lower on first in first out basis.
- ii) Stores and Spares are valued at cost on first in first out basis.
- iii) Cost of finished goods comprises of direct material, conversion cost and all other cost incurred in bringing material to its present location and are valued at cost or net realisable value whichever is lower. Trading goods are valued at cost or net realisable value, whichever is lower.

H) FOREIGN CURRENCY TRANSACTIONS:

- a) Investment in foreign subsidiaries and Joint venture are recorded at the exchange rate prevailing on the date of making the investment.
- b) Monetary Assets (including bank account maintained in foreign currency) except those which are covered by forward exchange contracts and monetary liabilities, i.e. items to be received or paid in foreign currency, are stated at the exchange rates prevailing on the date of Balance Sheet. In case of transactions which are covered by forward exchange contracts, the difference between the forward rate and the spot rate is recognised as income or expense over the life of contracts. Realised gains and losses on foreign currency transactions are recognised in the Profit & Loss Account.

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- c) Transactions in foreign currencies current assets (including bank account maintained in foreign currency) and current liabilities (including bank loans taken in foreign currency), i.e. items to be received or paid in foreign currency, are stated at the exchange rates prevailing on the date of the Balance Sheet. Gains and losses on foreign currency transactions incurred to acquire fixed assets are adjusted to the carrying cost of such fixed assets.
- d) Monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and is recognised over the life of the contract.
- e) The Company uses foreign exchange forward contracts and options to hedge its exposure to movements in foreign exchange rates. These foreign exchange forward contracts and options are not used for trading or speculation purpose. Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year. In respect of foreign currency option contracts which are entered into to hedge highly probable forecasted transactions, the cost of these contracts, if any, is expensed over the period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expense for the period in which settlement or cancellation takes place. The effect of these currency option contracts outstanding at the year-end, in the form of unrealised gains/losses, is recognised.
- I) RECOGNITION OF INCOME AND EXPENDITURE :**
Revenues/Incomes and Costs/Expenditures are generally accounted on accrual basis as they are earned or incurred.
- SALES :**
Revenue is recognised when the significant risks and rewards of ownership to the goods is passed to the buyer. Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of dates of Airway Bills. Domestic sales are disclosed net of Value Added Tax and returns as applicable.
- DIVIDEND :**
Revenue is recognised when the right to receive is established.
- INTEREST:**
Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- J) EMPLOYEE BENEFITS :**
- a) **Defined Contribution Plan :**
Employee benefits in the form of contribution to Provident Fund managed by Government authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.
- b) **Defined Benefit Plan :**
Retirement benefits in the form of Gratuity benefit is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation.
- Gratuity :
The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for payment to vested employees at retirement/death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of given years of service. The company makes payment to group gratuity policy issued by Life Insurance Corporation of India.
- K) RESEARCH AND DEVELOPMENT EXPENDITURE:**
Revenue expenses on Research & Development are charged to the Profit & Loss Account in the year in which these are incurred. Capital expenditure is taken as addition to the fixed assets.
- L) EARNING PER SHARE**
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
- M) PROVISION FOR CURRENT AND DEFERRED TAX :**
Tax expense comprising of Current, deferred tax and fringe benefit taxes :
Income Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income tax law) and deferred tax charge or credit.
Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and corresponding deferred tax liabilities or assets are

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recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Provision for Fringe Benefit tax for the year has been determined in accordance with the provision of section 115WC of the Income Tax Act, 1961.

N) SEGMENT REPORTING :

Identification of Segment :

The Company has identified Two Reportable Segments viz. Jewellery Manufacturing and Investment Activity. Segments have been identified and reported taking into account nature of products and services, the different risks and returns and the internal business reporting systems.

The Company has two business segments viz. Jewellery Manufacturing, and Investment Activity.

O) PROVISIONS/ CONTINGENCIES :

A Provision is created when an enterprise has a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount and it is probable that an outflow of resources will be required to settle the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, assets and related income is recognised in the financial statements of the period in which the change occurs.

P) MISCELLANEOUS EXPENDITURES :

Expenses included under the head "Miscellaneous Expenditure" are Voluntary Retirement payments. A Voluntary Retirement Scheme was announced in the last quarter of the previous year. In accordance with the transitional provision contained in Accounting Standard 15, the company has chosen to amortize such expenses in equal quarterly installments over a period ending on 31st March, 2010.

2 CONTINGENT LIABILITIES NOT PROVIDED FOR

- a) The Company has outstanding performance guarantee of Rs.10,019,250/- as on the Balance Sheet date, executed in favour of Deputy Commissioner of Customs (Previous year Rs.10,019,250/-)
 - b) The Municipal Corporation of Greater Mumbai has preferred an appeal in the High Court of Judicature at Bombay against the order of Small Causes Court rejecting the claim of Municipal Corporation of Greater Mumbai for an amount of Rs.13,696,775/- (Previous year Rs. 13,696,775/-) on account of property tax.
 - c) The Company had executed Bank Guarantee of US Dollar Nil (Previous year US Dollar 4,000,000) favouring The Hongkong & Shanghai Banking Corporation Limited, Hong Kong for its Subsidiary/Joint Venture Goldiam HK Limited, Hong Kong.
 - d) Commitment under contribution agreement with Kotak Alternate Opportunities (India) Fund is Rs.6,250,000/- (Previous Year Rs.13,250,000/-)
- 3 Estimated amount of Contracts remaining to be executed on Capital Account and not provided for is Rs.nil. (Previous year Rs.nil.)
- 4 Details of Related parties transactions are as under.

a) List of related parties and relationship where control exists or with whom transactions were entered into:

Sr. No.	Relationship	Name of the Related Party
1	Subsidiaries	Diagold Designs Limited Goldiam Jewellery Limited Goldiam Jewels Limited Goldiam HK Limited (upto 22.07.2009) Goldiam USA, Inc.
2	Associates	Goldiam HK Limited (from 23.07.2009) Temple Designs LLP
3	Key Management Personnel	Mr. Manhar R. Bhansali (Chairman & Managing Director) Mr. Rashesh M. Bhansali (Vice Chairman & Managing Director)

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b) Transactions during the year with related parties: (Amount in Rupees)

Sr. No.	Nature of Transaction	Subsidiaries		Associate/ Joint Venture	
		2009-10	2008-09	2009-10	2008-09
i)	Interest received	7,285,773	12,911,498	620,810	—
ii)	Loans given	45,095,819	4,750,000	—	—
iii)	Loans refunded	140,073,851	50,600,000	—	—
iv)	Guarantee given	—	8,000,000	—	—
v)	Purchase of Investments	5,199,090	7,200,000	—	—
vi)	Sale of Machinery	—	—	45,000	—
vii)	Sale of goods	86,157,133	88,953,396	4,301,778	—
viii)	Purchase of goods	77,045,220	115,995,280	1,023,413	—
I)	Outstanding Loan given as on 31 st March	75,046,481	193,991,393	12,659,964	—
II)	Outstanding Guarantee given as on 31 st March	—	16,000,000	—	—
III)	Outstanding Receivables as on 31 st March	16,079,654	47,220,067	4,140,472	—
IV)	Outstanding Payables as on 31 st March	27,827,630	11,666,287	—	—

c) Disclosure in respect of Transactions with related parties during the year (Amount in Rupees)

Sr. No.	Nature of Transaction	Subsidiaries					Associate/ Joint Venture	
		Goldiam Jewellery Limited	Diagold Designs Limited	Goldiam HK Limited (upto 22.07.2009)	Goldiam Jewels Limited	Goldiam USA, Inc.	Temple Designs LLP	Goldiam UK Limited (from 23.07.2009)
i)	Interest received	6,323,975 (10,343,618)	—	961,798 (2,567,880)	—	—	—	620,810
ii)	Loans given	45,095,819 (4,750,000)	—	—	—	—	—	—
iii)	Loans refunded	140,073,851 (50,600,000)	—	—	—	—	—	—
iv)	Guarantee given	—	(8,000,000)	—	—	—	—	—
v)	Purchase of Investments	—	5,199,090	—	—	—	—	—
vi)	Sale of Machinery	—	—	—	—	(7,200,000)	45,000	—
vii)	Sale of goods	66,325,061 (50,982,828)	—	116,234 (6,266,091)	—	19,715,838 (31,704,477)	—	4,301,778
viii)	Purchase of goods	—	11,047,405 (118,908)	2,420,366 (106,206,837)	48,096,504 (7,598,509)	15,480,945 (2,071,026)	—	1,023,413
I)	Outstanding Loan given as on 31 st March	75,046,481 (170,024,513)	—	— (23,966,880)	—	—	—	12,659,964
II)	Outstanding Guarantee given as on 31 st March	—	—	— (16,000,000)	—	—	—	—
III)	Outstanding Receivables as on 31 st March	3,215,205 (28,776,355)	—	— (136,536)	—	12,864,449 (18,307,176)	—	4,140,472
IV)	Outstanding Payables as on 31 st March	—	19,318 (118,908)	— (2,292,505)	14,216,187 (7,598,509)	13,592,125 (1,656,365)	—	—

5 IN THE OPINION OF THE DIRECTORS:

- The Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.
- The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

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6 PARTICULARS IN RESPECT OF LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

CLASS OF GOODS	UNIT	LICENSED CAPACITY		INSTALLED CAPACITY		ACTUAL PRODUCTION	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
JEWELLERY	Kgs	N. A.	N.A.	N. A.	N. A.	156.91	172.44

7 Amounts due from Subsidiaries & Associates included under Loans and Advances, Receivables & Payables are as follows :

Particulars	As at 31.03.2010	As at 31.03.2009
(Amount in Rupees)		
Loans and Advances :		
Goldiam Jewellery Limited	75,046,481	170,024,513
(Maximum balance outstanding during the year (Rs. 170,024,513/-)		
Goldiam HK Limited (subsidiary upto 22.07.2009 and Joint Venture thereafter)	12,659,964	23,966,880
(Maximum balance outstanding during the year (Rs.23,966,880/-)		
Receivables :		
Goldiam HK Limited (subsidiary upto 22.07.2009 and Joint Venture thereafter)	4,140,472	136,536
Goldiam Jewellery Limited	3,215,205	28,776,355
Goldiam USA, Inc.	12,864,449	18,307,176
Payables :		
Goldiam HK Limited (subsidiary upto 22.07.2009 and Joint Venture thereafter)	—	2,292,505
Goldiam Jewels Limited	14,216,187	7,598,509
Goldiam USA, Inc.	13,592,125	1,656,365
Diagold Designs Limited	19,318	118,908

8 EARNING PER SHARE :

PARTICULARS	2009-10	2008-09
Profit / (Loss) after Tax	51,123,417	(136,231,076)
Weighted Average No. of shares + potential shares outstanding	25444093	26003736
Earning per share (Basic)	2.05	(5.33)
Earning per share (Diluted)	2.01	(5.24)

9 JOINT VENTURE :

In compliance with the Accounting Standard relating to "Financial Reporting of interest in Joint Venture" (AS-27), issued by the Institute of Chartered Accountants of India, the Company has interests in the following jointly controlled entity, which is incorporated outside India.

Name of the Company	Incorporated in	For the Period ended 31.03.2010 (in percentage)	For the Period ended 31.03.2009 (in percentage)
Goldiam HK Limited (from 23.07.2009)	Hong Kong	49.93%	N.A.

	For the Period ended 31.03.2010 Rupees	For the Period ended 31.03.2009 Rupees
Goldiam HK Limited		
Proportionate Reserves and Surplus as at the beginning of the year	N.A.	—
Proportionate Transfer to Reserves	—	—
Proportionate surplus / (deficit) in Profit and Loss Account (net of transfer to reserves, dividend etc.)	(8,903,394)	—
Proportionate Reserves and Surplus as at the end of the year	(10,255,654)	—

Name of the Company & Country of Incorporation	Percentage of Shareholding %	As on 31.03.2010		For the Period Ended 31.03.2010	
		Assets Rupees	Liabilities Rupees	Income Rupees	Expenditure Rupees
Goldiam HK Limited	49.93%	58,104,476	22,940,160	63,855,047	72,758,442
Hong Kong					

The above figures have been taken from audited accounts of Joint Venture as on 31st March, 2010 and converted at the exchange rate prevailing as on the date of Balance Sheet of Joint Venture.

Contingent liability in respect of Joint Venture is Rs. Nil.

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10 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES :		
	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	120,124	118,168
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
11 GENERAL DESCRIPTION OF DEFINED BENEFIT PLAN:		
GRATUITY :		
The Company makes annual contribution to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement/death while in employment or on termination of employment of an amount equivalent to 15 days service for each completed year of service or part thereof depending on the date of joining. The benefit vests after five years of continuous service.		
Assumptions	Gratuity Funded 31.03.2010 Rupees	Gratuity Funded 31.03.2009 Rupees
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:		
Present Value of obligation as at beginning of year	3,902,150	3,509,392
Current service cost	303,908	303,908
Interest cost	312,172	280,751
Actuarial (gain) / loss	5,240,656	7,950,784
Benefits paid	(9,581,047)	(8,142,685)
Present Value of obligation as at end of the year	177,839	3,902,150
Change in Plan assets		
Plan assets at period beginning, at fair value	3,923,370	8,414,689
Expected return on plan assets	84,211	599,281
Actuarial (gain) / loss	—	—
Contribution	5,828,671	3,045,815
Benefits paid	(9,581,047)	(8,142,685)
Plan assets at period end 2010, at fair value	255,205	3,917,100
Fair Value of Plan Assets		
Fair Value of plan assets at beginning of year	3,923,370	8,414,689
Actual return on plan assets	84,211	599,281
Contributions	5,828,671	3,045,815
Benefits paid	(9,581,047)	(8,412,685)
Fair Value of plan assets at the end of year	255,205	3,902,150
Funded status	77,366	(14,950)
Excess of Actual over estimated return	NIL	NIL

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Assumptions	Gratuity Funded 31.03.2010 Rupees	Gratuity Funded 31.03.2009 Rupees
The Amounts to be recognized in the balance sheet and statements of profit and loss		
Present value of obligations as at the end of year	177,839	3,917,100
Fair value of plan assets as at the end of the year	255,205	3,902,150
Funded status	177,839	(14,950)
Net asset/(liability) recognized in balance sheet	77,366	(14,950)
Expenses for the year		
Current service cost	303,908	303,908
Interest cost on benefit obligation	312,172	280,751
Expected return on plan assets	(84,211)	(599,281)
Net actuarial (gain)/loss recognised in the year	5,240,656	7,950,784
Total Expenses recognised in the Profit and Loss Account	5,772,525	7,936,162
(The above figures includes Rs. 42,85,529/- debited to Voluntary Retirement Scheme written off)		

Assumptions	31.03.2010 Gratuity	31.03.2009 Gratuity
Discount Rate	8.0%	8.0%
Employee Turnover	4.0%	4.0%
Mortality	1994-96 LIC Mortality Table (Std)	

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(I) Amounts recognised as an expense:

(i) **Defined Benefit Plan :**

Gratuity includes gratuity cost of Rs. 1,336,754/- (Previous Year Rs.3,045,815/-).

Leave Encashment Rs. 96,525/- (Previous Year Rs. 14,71,119/-).

(ii) **Defined Contribution Plan :**

Contribution to Provident Fund is Rs.462,871/- (Previous Year Rs. 30,81,092/-), ESIC and Labour Welfare Fund includes Rs.199,202/- (Previous Year Rs. 12,21,306/-).

12 MANAGERIAL REMUNERATION :

a) During the year Company has paid Managerial Remuneration of Rs.Nil/- and sitting fees of Rs.1,80,000/- (Previous Year Rs.Nil/-as Managerial Remuneration and sitting fees of Rs.1,80,000/-)

b) **Details of payment made to the Managing Directors and Directors.** (Amount in Rupees)

PARTICULARS	MANAGING DIRECTORS	OTHER DIRECTORS	TOTAL 2009-10	TOTAL 2008-09
i) Salaries	Nil	—	Nil	—
ii) Perquisites	Nil	—	Nil	—
iii) Bonus	Nil	—	Nil	—
iv) Commission	Nil	—	Nil	—
v) Sitting Fees	Nil	180,000	180,000	180,000
TOTAL Rs.	Nil	180,000	180,000	180,000

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13. PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK :

QUANTITATIVE DETAILS FOR THE YEAR ENDED ON 31ST MARCH, 2010

PARTICULARS	UNITS	OPENING STOCK		PURCHASE		IN HOUSE TRANSFER		SALES		CLOSING STOCK	
		QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees
A) RAW MATERIALS :											
GOLD	GMS	1,048.53 (14,932.79)	1,327,621 (17,328,215)	65,661.81 (72,409.84)	100,626,620 (84,934,711)	—	—	—	—	5,156.41 (1,048.53)	8,508,561 (1,327,621)
PLATINUM	GMS	8.83 (93.41)	13,567 (169,497)	1,361.61 (1,204.16)	2,698,272 (1,363,933)	—	—	—	—	0.68 (8.83)	1,325 (13,567)
GOLD FINDINGS	GMS	466.17 (780.07)	755,429 (1,080,346)	2,300.44 (1,962)	922,616 (4,380,142)	—	—	—	—	382.83 (466.17)	611,580 (755,429)
COLOR STONES	CRTS	6,559.04 (5,217.24)	4,069,602 (982,300)	424.69 (4,818.64)	347,099 (4,089,613)	—	—	—	—	6,841.59 (6,559.04)	4,361,795 (4,069,602)
CUT & POLISHED DIAMONDS	CRTS	23,844.97 (26,341.29)	246,230,011 (287,191,973)	18,797.46 (21,734.05)	148,480,077 (212,530,247)	—	—	—	—	22,222.11 (23,844.97)	199,361,675 (246,230,011)
ALLOY	GMS	20,000.00 (167,700.00)	192,680 (895,586)	90,799.90 (18,200.00)	528,494 (421,233)	—	—	—	—	44,000.00 (20,000.00)	379,517 (192,680)
GOLD MOUNTINGS	GMS	7.16 (7.16)	10,043 (10,043)	— (38.80)	— (60,800)	—	—	—	—	7.16 (7.16)	10,043 (10,043)
SILVER MODELS	GMS	13,955.60 (13,955.60)	1,810,174 (1,946,026)	1,808.00 (13,457.71)	1,024,929 (574,547)	—	—	—	—	5,229.17 (13,955.60)	1,367,798 (1,810,174)
SILVER FINDINGS	GMS	—	—	2,796.10 (1.54)	255,393 (83)	—	—	—	—	262.66	17,967
SEMI FINISHED JEWELLERY	GMS	—	—	12,368.75 (1,718.24)	58,218,306 (8,219,242)	—	—	—	—	—	—
TRADE DESIGNS	—	—	7,165,926 (5,980,562)	—	2,250,305 (2,976,846)	—	—	—	—	—	6,819,000 (7,165,926)
TOTAL	—	—	261,575,053 (315,584,548)	—	315,352,113 (319,551,398)	—	—	—	—	—	221,439,261 (261,575,053)

13. PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK : (contd.)

QUANTITATIVE DETAILS FOR THE YEAR ENDED ON 31ST MARCH, 2010

PARTICULARS	UNITS	OPENING STOCK		PURCHASE		IN HOUSE TRANSFER		SALES		CLOSING STOCK	
		QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees
B) PURCHASE FOR TRADING :											
GOLD	GMS	—	—	5,888.92 (4,262.53)	7,371,173 (5,315,823.00)	—	—	5,888.92 (4,262.53)	7,371,173 (5,315,823)	—	—
GOLD FINDINGS	GMS	—	—	21.53 (226.57)	15,817.00 (365,820)	—	—	21.53 (226.57)	15,817 (365,820)	—	—
COLOR STONE	CTS	—	—	—	—	—	—	—	—	—	—
		—	—	(0.57)	(771)	—	—	(0.57)	(771)	—	—
ALLOY	GMS	—	—	200.10 (53,800.00)	494 (476,438)	—	—	200.10 (53,800.00)	494 (476,438)	—	—
SILVER MODELS	GMS	—	—	8.70	1,175	—	—	8.70	1,175	—	—
ROUGH DIAMONDS	CTS	—	—	—	—	—	—	—	—	—	—
		—	—	(70,000.30)	(38,175,524)	—	—	(70,000.30)	(39,307,125)	—	—
CUT & POLISHED DIAMONDS	CTS	—	—	8,599.26 (5,080.10)	72,083,400 (50,547,726)	—	—	8,599.26 (5,080.10)	72,083,400 (50,547,726)	—	—
SILVER JEWELLERY	IN PCS	35,953.00 (53,169.00)	7,557,926 (15,552,864)	—	—	—	—	—	—	21,363 (35,953)	5,376,158 (7,557,926)
STAINLESS STEEL JEWELLERY	IN PCS	1,534.00 (2,841.00)	166,378 (465,525)	—	—	—	—	—	—	—	—
GOLD JEWELLERY	IN PCS	—	—	—	—	—	—	—	—	—	—
		(1,862.00)	(8,951,461)	—	—	—	—	(1,862.00)	(4,671,838)	—	—
TOTAL		—	7,724,304 (24,969,850)	—	79,472,059 (95,992,242)	—	—	—	85,138,350 (114,623,863)	—	5,376,158 (7,724,304)
C) FINISHED GOODS :											
JEWELLERY	(IN KGS)	9.90 (14.75)	60,769,251 (66,703,234)	—	—	—	—	—	—	156.91 (177.29)	53,851,160 (60,769,251)
TOTAL (B+C)		—	68,493,555 (91,673,084)	—	—	—	—	—	593,516,933 (559,396,944)	—	59,227,318 (68,493,555)

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14 DETAILS OF RAW MATERIAL CONSUMED:

JEWELLERY DIVISION :	Quantity	Value (in Rupees)
Gold (Grams)	61,553.93 (86,294.10)	93,445,680 (100,935,305)
Platinum (Grams)	1,369.76 (1288.74)	2,710,514 (1,519,863)
Gold Findings (Grams)	2,383.78 (2,275.98)	1,066,465 (4,705,059)
Cut & Polished Diamonds (Carats)	20,420.32 (24,230.37)	195,348,413 (253,492,209)
Color Stones (Carats)	142.14 (3,476.84)	54,906 (1,002,311)
Alloy (Grams)	66,799.90 (165,900.00)	341,657 (1,124,139)
GOLD MOUNTINGS (Grams)	— (38.80)	— (60,800)
SILVER MODELS (Grams)	10,534.43 (15,723.31)	1,467,305 (710,399)
SILVER FINDINGS (Grams)	2,533.44 (1.54)	237,426 (83)
SEMI FINISHED JEWELLERY (Grams)	12,368.75 (1,718.24)	58,218,306 (8,219,242)

15 VALUE OF IMPORTS ON C.I.F. BASIS : PARTICULARS

	2009-10 Rupees	2008-09 Rupees
1 Raw Materials	169,979,301	254,146,988
2 Consumable Stores	2,186,147	2,986,045
3 Capital Goods	—	—

16 (A) EXPENDITURE IN FOREIGN CURRENCY :

	Rupees	Rupees
Foreign Travels	732,000	2,572,275
Investment in Subsidiary	—	7,200,000
Other Expenses	82,496	1,277,000

(B) REMITTANCE IN FOREIGN EXCHANGE CURRENCY : ON ACCOUNT OF DIVIDEND:

Year to which Dividend Relates	2009-10	2008-09
Net Dividend	Nil	Nil

17 EARNINGS IN FOREIGN EXCHANGE:

	Rupees	Rupees
F.O.B.Value of Exports	515,607,572	479,961,758

18 Value of imported raw materials consumed and the value of all indigenous raw materials similarly consumed and the percentage of each to the total consumption.

Particulars	Amount in Rupees		Percentage	
	2009-10	2008-09	2009-10	2008-09
1 Raw Materials				
A Imported	146,440,817	195,803,184	41.19%	52.42%
B Indigenous	209,047,088	177,757,709	58.81%	47.58%
2 Consumable Stores & Spares				
A Imported	2,388,350	3,096,275	81.09%	68.75%
B Indigenous	556,829	1,407,380	18.91%	31.25%

19 FINANCIAL INSTRUMENTS / FORWARD CONTRACTS :

The Company has entered into following forward / derivative instruments :

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counterparty is bank. The forward contract or option are not used for trading or speculation purpose.

Outstanding Forward Contract for hedging currency risk against Export Receivables and Balance with Banks in EEFC accounts entered into by the company as on 31st March, 2010 is US\$ Nil (Previous year US\$ 5.7 million) equivalent to Rs. Nil (Previous year Rs. 24.16 Crores) and for Import Payables and Bank Borrowings outstanding Forward Contract entered into by the company as on 31st March, 2010 is US\$ Nil (Previous year US\$ 1.00 million) equivalent to Rs. Nil (Previous year Rs. 5.19 Crores).

In respect of derivatives contract relating only to the Company's own export and imports business and foreign currency debt obligations, in accordance with the principles of prudence and other applicable guidelines as per

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Accounting Standards read with Schedule VI of the Companies Act, 1956, the Company has charged Rs. 5.20 Crores (Previous year Rs. 12.03 Crores) in Profit and Loss Account in respect of outstanding contracts as at 31st March, 2010 (31st March, 2009). No such contracts were outstanding as on 31st March, 2010.

Unhedged foreign currency exposure :

PARTICULARS	31.03.2010		31.03.2009	
	in millions	in Lakhs	in millions	in Lakhs
Outstanding Receivables & Loan	US\$ 2.919	Rs.2,722.81	US\$ 0.420	Rs.167.87
Outstanding creditors for goods and spares.	US\$ 2.579	Rs.1,197.20	US\$ 0.312	Rs.160.19
Exchange Earner's Foreign Currency a/c with Banks	US\$ 0.371	Rs.167.53	US\$ 0.939	Rs.462.13
Exchange Earner's Foreign Currency a/c with Banks	Euro 0.001	Rs.0.51	Euro 0.001	Rs.0.57

20 Information given in accordance with the requirements of AS 17 on "Segment Reporting" .

The Company has identified Two Reportable Segments viz. Jewellery Manufacturing and Investment Activity. Segments have been identified and reported taking into account nature of products and services, the different risks and returns and the internal business reporting systems.

- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- Segment Assets and Segment Liabilities represents assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

(i) Primary Segment Information :

(Amount in Rupees)

	Year to 31.03.2010			
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	TOTAL
Segment Revenue	626,276,065	49,432,553	—	675,708,618
Segment Results	2,657,631	49,220,830	—	51,878,461
Less: unallocated expenses net of unallocated (income)	—	—	(2,733,749)	(2,733,749)
Interest expenses (Net)	—	—	—	2,067,718
Profit before tax	—	—	—	47,076,994
Depreciation and Amortisation	—	—	—	12,257,422
Non cash expenses other than Depreciation and Amortisation	—	—	—	—
Segment Assets	887,435,477	779,324,922	40,229,586	1,706,989,985
Segment Liabilities (excluding Shareholders' Funds)	124,512,103	—	33,923,830	158,435,933

	Year to 31.03.2009			
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	TOTAL
Segment Revenue	569,278,705	40,623,013	—	609,901,718
Segment Results	(174,059,443)	39,082,377	—	(134,977,066)
Less: unallocated expenses net of unallocated (income)	—	—	(3,107,047)	(3,107,047)
Interest expenses (Net)	—	—	—	1,406,968
Profit before tax	—	—	—	(139,491,081)
Depreciation and Amortisation	—	—	—	16,344,981
Non cash expenses other than Depreciation and Amortisation	—	—	—	—
Segment Assets	897,533,516	711,576,893	142,952,747	1,752,063,157
Segment Liabilities (excluding Shareholders' Funds)	198,318,433	—	4,010,797	202,329,230

The Company has identified Geographic Segments as its Secondary Segment. Secondary segmental reporting is based on the geographical location of the customers. The geographical segments have been disclosed on revenues within India (Sales to customers in India) and revenues outside India (Sales to customers outside India).

(ii) Secondary Segment Information :

PARTICULARS	2009-10 (Rs.)	2008-09 (Rs.)
1. Segment Results :		
Within India	1,819,708	(16,604,912)
Exports outside India	837,923	(157,454,532)
Total Revenue	<u>2,657,631</u>	<u>(174,059,443)</u>

Goldiam International Limited

2. Segment Assets :	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Within India	47,329,106	48,438,340
Exports outside India	840,106,371	849,095,176
Total Assets	887,435,477	897,533,516
3. Segment Liabilities :		
Within India	—	1,529,160
Exports outside India	124,512,103	196,789,273
Total Liabilities	124,512,103	198,318,433
21 CASH AND BANK BALANCE :		
Balances with non scheduled banks in Current Accounts and EEFC account :		
	Closing Balance	Maximum Balance
	Rupees	Rupees
	31.03.2010	31.03.2010
	31.03.2009	31.03.2009
Citi bank N.A.	—	194,922
		194,922
		194,922
22 The Deferred Tax Assets comprise of the following :		
	As at	As at
	31.03.2010	31.03.2009
	Rupees	Rupees
Deferred Tax Assets related to Fixed Assets	1,520,355	877,077
Deferred Tax Assets related to Carried Forward Depreciation	—	3,381,076
Deferred Tax Assets related to Defined Benefits & Leave Salary	11,964,113	665,328
23 Salaries & wages includes directors remuneration of Rs.Nil. (Previous Year Rs. Nil)		
24 Remuneration to Auditors:		
Particulars	2009-10 (Rs.)	2008-09 (Rs.)
As Auditors	152,000	167,656
Tax Audit Fees	10,000	11,030
Others	—	26,966
Total Rs.	162,000	205,652
25 Sales include Exchange Gain of Rs.65,93,091/- (Previous Year Exchange Loss of Rs.6,420/-)		
26 Purchase Trading Goods include Exchange Gain/Loss of Rs.Nil (Previous Year Exchange Loss of Rs.1,76,16,465/-)		
27 Pursuant to the approval of the Board of Directors under section 77A of the Companies Act, 1956 to buy-back equity shares of the Company at a price not exceeding Rs.50/- per equity share from the open market through Stock Exchanges for an aggregate amount not exceeding Rs.5.25 crores being 3.53% of the aggregate of the Company's total paid-up equity share capital and free reserves as on March 31, 2009, the Company has bought back 600,000 equity shares for a total consideration of approximately Rs.2.32 Crores (excluding Brokerage, STT and other charges) by utilising the General Reserve account and Securities Premium account.		
28 A Voluntary Retirement Scheme was announced in the last quarter of the previous year. Total Payments made pursuant to the scheme aggregate to Rs. 57,464,739/-. In accordance with the transitional provision contained in Accounting Standard 15, the company has chosen to amortize such expenses in equal quarterly installments over a period ending on 31 st March, 2010. A sum of Rs. 50,067,841/- (Previous year Rs. 73,96,898/-)has been charged to profit and loss account in the current year.		
29 Previous Year figures have been rearranged or re-grouped, wherever necessary.		
Signatures to the Schedules 1 to 14 forming part of the Balance Sheet and Profit and Loss Account.		
As per our report of even date.		
For Pulindra Patel & Co.	For and on behalf of the Board	
Chartered Accountants		
Pulindra M. Patel	Rachana V. Vora	Manhar R. Bhansali
Proprietor	Company Secretary	Chairman & Mg. Director
Membership No. 048991		Rashesh M. Bhansali
		V.Chairman & Mg. Director
Place : Mumbai	Place : Mumbai	
Date : 30 th May, 2010	Date : 30 th May, 2010	

Annual Report 2009-2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details :

Registration No. State Code
 Balance Sheet Date

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue
 Bonus Issue

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
 Total Assets

SOURCES OF FUNDS

Paid-up Capital
 Secured Loans
 Deferred Tax Liability

APPLICATION OF FUNDS

Net Fixed Assets
 Net Current Assets
 Deferred assets
 Reserves & Surplus
 Unsecured Loans
 Investments
 Miscellaneous Expenditure
 Accumulated losses

4. Performance of Company (Amount in Rs. Thousands)

Turnover
 Profit before tax
 Earning Per Share in Rs.
 Total Expenditure
 Profit after Tax
 Dividend Rate %

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS

a) Item Code :

Goldiam International Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

Name of the subsidiary company	: Diagold Designs Limited	Goldiam Jewels Limited	Goldiam Jewellery Limited	Goldiam HK Limited (upto 22.07.2009)*#	Goldiam USA, Inc.	OOO Tiara Jewels®
The financial year of the subsidiary ending on	: 31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010
a) Number of shares in the subsidiary company held by Goldiam International Limited	: 2039658 Eq.Shares of Rs.10/- each.	1516500 Eq Shares of Rs.10/- each.	1000000 Eq. Shares of Rs.10/- each.	5982725 Eq. Shares of HKD.1/- each.	200 Eq.Shares of US\$ 0.01 each.	N.A.
b) Extent of interest of HoldingCompany at the end of the financial year of the Subsidiary Company.	: 50.99%	50.55%	100%	50.275%	100%	51.00%^

The net aggregate of profits less losses of the subsidiary company so far as it concerns membership of Goldiam International Limited

1) Not dealt with in the account of Goldiam International Limited amounted to						
a) for the subsidiary's financial year (Amount in Rupees)	(10,649,708)	(1,397,068)	57,562,373	(1,579,214)	(3,882,616)	89,985
b) for the previous financial year of the subsidiary since it became subsidiary (Amount in Rupees)	59,543,616	(2,417,944)	179,869,919	(469,044)	(4,595,895)	(23,818)
2) Dealt with in the account of Goldiam International Limited amounted to :						
a) for the subsidiary's financial year (Amount in Rupees)	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
b) for previous financial year of the subsidiary since it became subsidiary (Amount in Rupees)	Nil	N.A.	N.A.	N.A.	N.A.	N.A.

* Subsidiary till 22.07.2009 and became Joint Venture thereafter.

Financial information is based on unaudited results.

@ Subsidiary of Diagold Designs Limited

^ Held by subsidiary Diagold Designs Limited

For and on behalf of the Board of Directors

MANHAR R. BHANSALI
Chairman & Managing Director

RASHESH M. BHANSALI
Vice Chairman & Managing Director

AUDITORS' REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS

1. We have audited the attached Consolidated Balance Sheet of GOLDIAM INTERNATIONAL LIMITED ("the Company"), its subsidiaries and Joint Ventures ("the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account of the Company for the year ended on that date annexed thereto and Consolidated Cash Flow Statement for the year ended on that date. The Consolidated Financial Statements include jointly controlled entity accounted in accordance with Accounting Standard on Financial Reporting of Interests in Joint Ventures (AS-27). 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 have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and free of material mis-statement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of two subsidiaries and a Joint Venture with total assets (net) Rs. 78,696,765/- Crores as at 31st March, 2010 and total revenue of Rs.311,235,626/- and cash flow amounting to (Rs. 3,455,779/-) for the year ended on that date have been audited/reviewed by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries & Joint Venture, is based solely on the reports of the other auditors.
4. The financial statement of Joint Venture of one of the subsidiary is consolidated based on the unaudited accounts furnished to us, having assets (net) Rs. 885,630/- and net loss of Rs. 48,500/- as on 30th September, 2009 . The Consolidated financial statements have been prepared by using proportionate consolidation as is required by the Accounting Standard 27, Financial Reporting Interests in Joint Venture, issued by the Institute of Chartered Accountants of India.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards on Consolidated Financial Statements (AS-21), and Financial Reporting of Interest in Joint Venture (AS-27), issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries and audited Consolidated financial statements of Subsidiary included in the consolidated financial statements.
6. Based on our audit and consideration of reports of other auditors on separate financial statements of the subsidiaries, unaudited accounts of Joint Venture of the subsidiary and to the best of our information and according to the explanations given to us, we are of the opinion that the aforesaid consolidated financial statements read together with our comments in paragraph 4 & 5 above give true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2010;
 - i) in the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Group for the year ended on that date and
 - ii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For Pulindra Patel & Co.
Chartered Accountants

PULINDRA M. PATEL
Proprietor
Membership No. 48991
FRN No.115987W

Place: Mumbai
Date: 30th May, 2010

Goldiam International Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
I) SOURCES OF FUNDS :				
1) SHAREHOLDERS FUNDS :				
a) SHARE CAPITAL	1	249,459,960		255,459,960
b) RESERVES AND SURPLUS	2	<u>1,563,348,893</u>		<u>1,532,817,257</u>
			1,812,808,853	1,788,277,217
2) MINORITY INTEREST			150,218,825	194,612,820
3) LOAN FUNDS :				
SECURED LOANS	3	245,546,214		306,832,059
UNSECURED LOANS	4	<u>68,586,604</u>		<u>113,361,265</u>
			314,132,818	420,193,323
TOTAL Rs.			<u>2,277,160,496</u>	<u>2,403,083,360</u>
II) APPLICATION OF FUNDS :				
1) FIXED ASSETS				
GROSS BLOCK	5	396,126,464		445,716,967
LESS: DEPRECIATION		<u>200,868,610</u>		<u>207,743,517</u>
NET BLOCK			195,257,855	237,973,450
2) INVESTMENTS	6		770,049,218	494,519,457
3) DEFERRED TAX ASSETS (Refer Note No.17 of Schedule 16)			15,807,755	6,570,500
4) CURRENT ASSETS, LOANS AND ADVANCES :				
a) INVENTORIES		861,866,046		765,030,560
b) SUNDRY DEBTORS		765,940,010		1,165,590,852
c) CASH AND BANK BALANCES		92,866,123		160,135,843
d) LOANS AND ADVANCES		<u>77,291,329</u>		<u>77,258,088</u>
		1,797,963,509		2,168,015,343
5) LESS: CURRENT LIABILITIES AND PROVISIONS :				
1) CURRENT LIABILITIES	8	469,785,687		539,408,913
2) PROVISIONS		<u>34,286,750</u>		<u>4,186,473</u>
		504,072,437		543,595,386
NET CURRENT ASSETS			1,293,891,071	1,624,419,957
6) MISC. EXPENDITURE (To the extent not written off or adjusted) (Refer Schedule 16 Note No. 1 D (xiii))	9		2,154,597	39,599,995
TOTAL Rs.			<u>2,277,160,496</u>	<u>2,403,083,360</u>

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 16

Schedules referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

For and on behalf of the Board

Pulindra M. Patel
Proprietor
Membership No. 048991

Rachana V. Vora
Company Secretary

Manhar R. Bhansali
Chairman & Mg. Director

Rashesh M. Bhansali
V. Chairman & Mg. Director

Place : Mumbai
Date : 30th May, 2010

Place : Mumbai
Date : 30th May, 2010

Annual Report 2009-2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
I) INCOME :			
SALES	10	1,787,113,992	2,128,225,520
INCREASE/DECREASE IN STOCK	11	45,431,371	36,586,055
OTHER INCOME	12	75,446,456	48,856,597
TOTAL Rs.		<u>1,907,991,819</u>	<u>2,213,668,172</u>
II) EXPENDITURE :			
RAW MATERIALS CONSUMED	13	1,290,251,331	1,592,845,866
PURCHASE TRADING		130,491,951	115,075,931
MANUFACTURING AND OTHER EXPENSES	14	364,645,968	494,250,305
INTEREST AND FINANCE CHARGES	15	36,164,499	31,233,948
PRELIMINARY EXPENSES	9	1,244,877	1,244,877
DEPRECIATION, AMORTISATION & IMPAIRMENT	5	24,509,813	32,723,791
LOSS ON SALE OF ASSETS		4,570,150	1,770,596
LOSS ON SALE OF INVESTMENTS (NET)		—	4,533,094
TOTAL Rs.		<u>1,851,878,589</u>	<u>2,273,678,408</u>
III) PROFIT :			
PROFIT / (LOSS) BEFORE TAXATION		56,113,230	(60,010,235)
PROVISION FOR TAXATION :			
— CURRENT TAX		6,602,594	140,000
— DEFERRED TAX ASSET		9,237,255	5,185,286
— FRINGE BENEFIT TAX		28,127	863,888
— SHORT /EXCESS PROVISION FOR TAX		1,316,115	2,698,900
PROFIT / (LOSS) AFTER TAXATION		<u>60,035,879</u>	(53,129,937)
ADD : SHARE OF PROFIT / (LOSS) OF MINORITY INTEREST		11,461,009	(3,676,498)
LESS: ADJUSTMENT ON CHANGE IN HOLDING		10,813	—
PROFIT / (LOSS) AFTER TAXATION		<u>71,486,075</u>	(49,453,439)
BALANCE BROUGHT FORWARD		957,353,505	1,006,806,944
PROFIT AVAILABLE FOR APPROPRIATION		<u>1,028,839,580</u>	957,353,505
APPROPRIATION :			
PROPOSED DIVIDEND		24,945,996	—
TAX ON PROPOSED DIVIDEND		4,143,280	—
BALANCE CARRIED FORWARD TO BALANCE SHEET		999,750,304	957,353,505
TOTAL Rs.		<u>1,028,839,580</u>	<u>957,353,505</u>
EARNING PER SHARE (Face Value Rs.10/-)			
Basic		2.87	(1.94)
Diluted		2.81	(1.90)
(See Note No. 12 of Schedule 16)			

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16

Schedules referred to above form an integral part of the Consolidated Financial Statements.
As per our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

For and on behalf of the Board

Pulindra M. Patel
Proprietor
Membership No. 048991

Rachana V. Vora
Company Secretary

Manhar R. Bhansali
Chairman & Mg. Director

Rashesh M. Bhansali
V. Chairman & Mg. Director

Place : Mumbai
Date : 30th May, 2010

Place : Mumbai
Date : 30th May, 2010

Goldiam International Limited

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Rupees	2009-10 Rupees	2008-09 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES :			
NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		56,113,230	(60,010,235)
ADJUSTMENT FOR :			
Depreciation (Schedule 5)	24,509,813		32,723,791
(Profit) / Loss on sale of Investment (Net)	(16,496,758)		4,533,094
Revaluation Loss on Investment	(10,608,997)		9,147,087
Interest received & paid	26,185,899		14,298,328
(Profit) / Loss on Sale of Assets	4,570,150		1,770,596
Dividend	(15,606,231)		(19,238,295)
Misc. Expenditure written off	1,244,877		1,244,877
Voluntary Retirement Scheme expenses written off	59,750,599		9,228,214
Short or Excess Provision Written off	(1,316,115)		2,698,900
Share of Minority Interest	(32,932,986)		(1,976,592)
		39,300,252	54,429,999
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		95,413,482	(5,580,236)
ADJUSTMENT FOR :			
Trade and other Receivable	407,232,832		521,769,355
Inventories	(96,835,486)		(2,242,183)
Trade Payable	(69,773,094)		(338,217,604)
		240,624,252	181,309,568
CASH GENERATED FROM OPERATIONS		336,037,734	175,729,332
Interest Paid	(36,164,499)		(31,233,948)
Direct Tax Paid	(5,524,101)		(8,742,110)
Voluntary Retirement Scheme expenses	(20,480,247)		—
		(62,168,847)	(39,976,058)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		273,868,887	135,753,275
NET CASH FROM OPERATING ACTIVITIES		273,868,887	135,753,275
B) CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(20,112,109)		(7,949,331)
Sale of Fixed Assets	33,890,667		6,638,773
Purchase of Investments	(2,304,653,916)		(1,300,289,400)
Sale of Investments	2,056,229,911		1,113,045,734
Interest received	7,887,470		16,935,620
Dividend received	15,606,231		19,238,295
NET CASH USED IN INVESTING ACTIVITIES		(211,151,747)	(152,380,309)
C) CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Issue of Share Capital including share premium amount	(23,214,016)		(59,295,674)
Preliminary expenses incurred	(712,338)		(46,141,073)
Proceeds/(Repayment) of Long Term Borrowing	(106,060,506)		104,402,759
NET CASH USED IN FINANCING ACTIVITIES		(129,986,860)	(1,033,988)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(67,269,720)	(17,661,022)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		160,135,843	177,796,865
CASH AND CASH EQUIVALENTS AS AT 31.03.2010		92,866,123	160,135,843

As per our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 048991

Place : Mumbai
Date : 30th May, 2010

For and on behalf of the Board

Rachana V. Vora
Company Secretary

Manhar R. Bhansali
Chairman & Mg. Director

Rashesh M. Bhansali
V. Chairman & Mg. Director

Place : Mumbai
Date : 30th May, 2010

Annual Report 2009-2010

SCHEDULES

SCHEDULE "1"

SHARE CAPITAL :

AUTHORISED CAPITAL

31000000 Equity Shares of Rs. 10/- each
(Previous Year 31000000 Equity Shares of Rs. 10/- each)

As at 31.03.2010
Rupees Rupees As at 31.03.2009
Rupees

310,000,000 310,000,000

310,000,000 310,000,000

ISSUED CAPITAL

24945996 Equity Shares of Rs.10/- each
(Previous Year 25545996 Equity Shares of Rs.10/- each)

249,459,960 255,459,960

249,459,960 255,459,960

SUBSCRIBED AND PAID UP CAPITAL

24945996 Equity Shares of Rs.10/- each
(Previous Year 25545996 Equity Shares of Rs.10/- each)

249,459,960 255,459,960

- 1) Out of which NIL (13216400) Equity Shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares capitalised from security premium & reserves & surplus.
- 2) During the year under review, the company bought back from the open market through stock exchanges 600000 (Previous Year 1486804) Equity Shares of Rs. 10/- each and paid Rs.23,214,016/- (Previous Year Rs. 44,427,634/-) by way of Premium and the same including face value of shares bought back has been debited to share premium and general reserve account.

TOTAL Rs.

249,459,960 255,459,960

SCHEDULE "2"

RESERVES AND SURPLUS

1. Capital Redemption Reserve :

As per last Balance Sheet 14,868,040 —

Add : Transfer from Security Premium and
General Reserves 6,000,000 14,868,040

20,868,040 14,868,040

2. Security Premium :

As per last Balance Sheet 15,354,326 74,650,000

Less: Utilised during the year for buy-back of shares 11,816,296 44,427,634

Less: Transfer to Capital Redemption Reserve 3,538,030 14,868,040

— 15,354,326

3. Capital Reserve :

As per last Balance Sheet 47,970,000 47,970,000

4. General Reserve :

As per last Balance Sheet 500,398,116 500,398,116

Less: Utilised during the year for buy-back of shares 5,397,720 —

Less: Transfer to Capital Redemption Reserve 2,461,970 —

492,538,426 500,398,116

Add : Transfer from P & L a/c — —

492,538,426 500,398,116

5. Profit & Loss Account

999,750,304 957,353,505

6. Foreign Currency Translation Reserves

2,222,123 (3,126,730)

TOTAL Rs.

1,563,348,893 1,532,817,257

Goldiam International Limited

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE "3"		
SECURED LOANS :		
The Hongkong and Shanghai Banking Corporation Limited	49,269,813	—
Packing Credit in Foreign Currency (Secured by Hypothecation of Present & Future Inventories, Receivables and First and exclusive charge over all moveable assets and Corporate Guarantee by Holding Company M/s. Goldiam International Limited)		
Punjab National Bank P.C.	52,499,286	102,221,137
Punjab National Bank P.C.F.C.	71,788,387	—
Punjab National Bank P.S.C.	38,949,958	37,713,000
Punjab National Bank F.O.B.D	31,291,952	—
(Secured by hypothecation of Stock, Debtors and Equitable Mortgage of Leasehold Land & Factory Building at R-1 Cama Industrial Estate, Walbhat Road, Goregaon (East), Mumbai 400-063)		
H.S.B.C. Bank (Hong Kong)	—	166,897,922
(Current year US\$ Nil (Previous year US\$ 4.00 million, secured by Corporate Guarantee of Goldiam International Limited)		
HDFC Bank Car Loan (Motor Car Loan is secured against Motor Cars)	1,746,818	—
TOTAL Rs.	<u>245,546,214</u>	<u>306,832,059</u>
SCHEDULE "4"		
UNSECURED LOANS :		
Other Loans:		
From Directors	51,001,782	17,530,965
From Others	17,584,822	95,830,300
TOTAL Rs.	<u>68,586,604</u>	<u>113,361,265</u>

SCHEDULE " 5 "		(Amount in Rupees)									
		GROSS BLOCK					DEPRECIATION				
Sr. No.	Description	Cost as on 01.04.2009	Addition	Deduction	Cost as on 31.03.2010	As on 01.04.2009	For the Year	Deduction	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	GOODWILL ON CONSOLIDATION	1,722,515	138,914	370,963	1,490,466	1,574,129	27,783	222,576	1,379,336	111,130	148,386
2	LAND	50,646,821	—	—	50,646,821	—	—	—	—	50,646,821	50,646,821
3	FACTORY BUILDING	65,667,114	—	—	65,667,114	37,656,725	2,513,447	—	40,170,172	25,496,942	28,010,389
4	OFFICE PREMISES	64,655,666	—	—	64,655,666	16,081,660	3,102,296	—	19,183,956	45,471,710	48,574,006
5	FURNITURE & FIXTURE	64,311,549	2,642,712	16,402,406	50,551,855	37,420,869	3,287,820	5,789,679	34,919,010	15,632,845	26,890,680
6	OFFICE EQUIPMENT	11,840,019	559,726	1,771,624	10,628,121	5,344,918	648,305	407,601	5,585,622	5,042,500	6,495,101
7	PLANT & MACHINERY	99,008,653	2,729,999	35,111,164	66,627,488	52,664,957	7,404,386	13,856,919	46,212,424	20,415,064	46,343,696
	A) MACHINERY	22,824,511	1,639,508	3,653,701	20,810,318	17,726,304	1,597,683	2,126,292	17,197,695	3,612,623	5,098,207
	B) COMPUTERS	9,211,867	289,466	—	9,501,333	5,304,269	517,184	—	5,821,453	3,679,880	3,907,598
	C) AIR CONDITIONER	1,693,524	—	—	1,693,524	1,460,272	32,445	—	1,492,717	200,807	233,252
	D) LIFT	24,306,988	1,454,367	—	25,761,355	14,172,746	1,260,917	—	15,433,663	10,327,692	10,134,242
	E) ELECTRICAL INST.	29,827,740	10,796,331	12,531,669	28,092,402	18,336,669	4,117,547	8,981,654	13,472,562	14,619,840	11,491,071
8	VEHICLES	445,716,967	20,251,023	69,841,527	396,126,464	207,743,517	24,509,813	31,384,721	200,868,610	195,257,855	237,973,450
	TOTAL Rs.	451,181,698	7,949,331	13,414,062	445,716,967	179,397,630	32,723,791	4,377,904	207,743,517	237,973,450	
	PREVIOUS YEAR										

Note: 1. Office Premises includes Rs.4,500/- the value of share in a co-operative society.

2. Depreciation on Plant & Machinery includes impairment loss of Rs. Nil (Previous year Rs. 1,173,018/-)

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SCHEDULE "6"	No. of Shares	Face Value Rupees	As at 31.03.2010 Rupees	No. of Shares	As at 31.03.2009 Rupees
INVESTMENTS :					
A. LONG TERM INVESTMENTS OTHER THAN TRADE:					
In Equity Shares - Unquoted, fully paid up					
1. Gujarat Pipavav Ports Limited	51500	10	51,500	51,500	51,500
2. Sip Technologies Limited	1891	10	18,910	1,891	18,910
In Units of Mutual Fund, fully paid up					
1) J.M.Core 11 Fund Series 1 Dividend Option	No. of Units 1000000	10	8,450,800	No. of Units 1,000,000	8,450,800
2) Kshitij Venture Capital Fund	30000	1000	30,000,000	30,000	30,000,000
In Debentures - Unquoted, fully paid up					
	No. of Debentures			No. of Debentures	
Barclays Investments & Loans (India) Ltd. Sr-115 BR NCD(*)	34	1000000	34,000,000	—	—
Barclays Investments & Loans (India) Ltd. Sr-121 BR NCD(*)	25	1000000	25,000,000	—	—
Morgan Stanley India Capital Pvt. Ltd. Sr-4 BR NCD (*)	50	1000000	50,000,000	—	—
Morgan Stanley India Capital Pvt. Ltd. Sr-13 BR NCD (*)	20	1000000	20,200,000	—	—
Morgan Stanley India Capital Pvt. Ltd. Sr-14 BR NCD (*)	5	1000000	5,050,000	—	—
Prakausali Investments (India) Pvt. Ltd. 12.75% NCD (*)	20	1000000	20,000,000	—	—
TOTAL Rs.			192,771,210		38,521,210
B. CURRENT INVESTMENTS OTHER THAN TRADE:					
In Equity Shares - Quoted, fully paid up					
	No. of Shares			No. of Shares	
1) Classic Diamonds (I) Limited (Face value split to Rs 2)	5	2	102	1	8
2) Reliable Ventures Limited	50000	10	1,165,000	50,000	684,000
3) Ruby Mills Limited	—	—	—	826	233,304
4) S B & T International Limited	1	10	10	1	7
5) Shrenuj & Co Limited (Face value split to Rs 2)	5	2	74	1	70
6) Suashish Diamonds Limited	1	10	69	1	69
7) Suraj Diamonds & Jewellery Limited	1	10	43	1	21
8) Titan Industries Limited	1	10	257	1	257
In Redeemable Preference Shares - Unquoted, fully paid					
K.S.Realty Construction Private Limited	2750	10	27,500	2,750	27,500
In Debentures - Unquoted, fully paid up					
	No. of Debentures			No. of Debentures	
Jayneer Capital Private Limited 13% NCD(*)	3	50000	15,204,135	—	—
K.S.Realty Construction Private Limited	—	—	—	50	50,000,000
Morgan Stanley India Capital Private Limited Sr-3 BR NCD(*)	50	1000000	50,000,000	—	—
In Debentures - Quoted, fully paid up					
Kotak Nifty Link Debentures Type II	—	—	—	4	10,000,000
In Units of Mutual Fund -UNQUOTED					
	No. of Units			No. of Units	
1) Kotak Alternate Opportunities (India) Fund	—	—	17,443,125	—	11,750,000
2) Bharti AXA Equity Fund Eco Plan - Growth	37762	10	658,725	—	—
3) Bharti AXA Treasury Advantage Fund - Institutional Plan - Daily Dividend	40000	1000	40,000,000	—	—
4) Birla Sun Life Dynamic Bond Fund - Retail - Quarterly Dividend	—	—	—	481817	5,146,156
5) Birla Sun Life Income Plus - Quarterly Dividend	—	—	—	835967	9,349,367
6) Birla Sun Life MIP II - Savings 5 - Growth	923462	10	15,000,000	—	—
7) BSL Medium Term Plan - Institutional - Weekly Dividend - Reinvest	4032726	10	40,433,592	—	—
8) DWS Twin Advantage Fund - Growth	1981519	10	30,000,000	—	—
9) Fortis FTP Ser 12 Plan B Institutional Growth (Old Name ABN Amro FTP Ser 12 Plan B Inst Growth)	—	10	—	1000000	10,000,000
10) Fortis Flexi Debt Fund - Regular - Quarterly Dividend	—	10	—	880441	8,804,412
11) Fortis Money Plus Inst. Weekly Dividend Reinvest	—	10	—	2519896	25,198,963
12) Fortis Money Plus Institutional Daily Dividend Reinvest	10227761	10	102,309,319	—	—
13) ICICI Prudential Flexible Income Plan Weekly Dividend Reinvest	—	10	—	10532464	111,029,019
14) ICICI Prudential Flexible Income Plan Weekly Dividend Reinvest	386623	100	40,771,720	—	—
15) ICICI Prudential Inst. Income Plan - Quarterly Dividend	—	10	—	4906733	56,185,033
16) ICICI Prudential Inst. Short Term Plan - DR - Fortnightly	—	10	—	846955	10,142,204
17) ICICI Prudential Inst. Short Term Plan - DR- Monthly	—	10	—	4999209	59,811,034

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SCHEDULE "6" contd.	No. of Units	Face Value	As at 31.03.2010	No. of Units	As at 31.03.2009
18) Kotak FMP 13 Months Series 6 Growth	2000000	10	20,000,000	—	—
19) Kotak Floater Long Term - Daily Dividend	21912	10	220,873	—	—
20) Kotak Quarterly Interval Plan Series 1 - Dividend	3000000	10	30,000,000	—	—
21) Reliance Income Fund - Retail Plan - Quarterly Dividend Plan	—	10	—	2872263	37,316,732
22) Tata Floater Fund - Daily Dividend	1504106	10	15,094,606	—	—
23) Templeton India Income Opportunities Fund - Growth	3000000	10	30,000,000	—	—
24) Templeton Floating Rate Income Fund Long Term Plan Super Institutional - Daily Dividend Reinvest	12885061	10	128,948,859	5029593	50,320,094
TOTAL Rs.			<u>577,278,008</u>		<u>455,998,247</u>
Note (*) : (NCD refers to Non Convertible Debentures)					
TOTAL Rs.			<u>770,049,218</u>		<u>494,519,457</u>
SCHEDULE "7"			As at 31.03.2010	As at 31.03.2009	
			Rupees	Rupees	
CURRENT ASSETS, LOANS AND ADVANCES					
I) CURRENT ASSETS :					
a) INVENTORIES :					
Stock of Consumable Stores & Spare parts (at cost)			3,211,075		3,224,359
Raw Materials (at cost or net realisable value whichever is less)			671,707,874		620,290,475
Finished Goods (at cost or net realisable value whichever is less)			<u>186,947,097</u>		141,515,726
TOTAL Rs.			861,866,046		765,030,560
b) SUNDRY DEBTORS :					
(Unsecured)					
Outstanding for a period exceeding six months					
— Considered good			485,910,227		611,357,130
— Considered doubtful			—		—
Other Debts					
— Considered good			280,029,783		554,233,722
— Considered doubtful			—		—
TOTAL Rs.			765,940,010		1,165,590,852
c) CASH AND BANK BALANCES :					
Cash on Hand			4,576,974		6,241,746
Balance with Schedule Banks in					
— Current Account			22,706,053		83,935,420
— EEFC Account			59,511,123		53,702,825
— Fixed Deposit with Banks			6,071,974		16,255,852
TOTAL Rs.			92,866,123		160,135,843
II) LOANS AND ADVANCES:					
(Advances recoverable in cash or in kind or for value to be received)					
Loans and Advances			74,560,991		72,512,539
Security & Other Deposits			2,730,338		4,745,549
			<u>77,291,329</u>		<u>77,258,088</u>
TOTAL Rs.			1,797,963,509		2,168,015,343
SCHEDULE "8"					
CURRENT LIABILITIES & PROVISIONS :					
CURRENT LIABILITIES :					
Sundry Creditors :					
Dues to Micro, Small and Medium Enterprises			4,112,092		2,924,300
Dues from others Creditors			463,332,024		524,652,247
Overdrawn balance with Banks			—		878,446
Advance from Customers			2,341,571		10,953,920
			<u>469,785,687</u>		<u>539,408,913</u>

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	As at 31.03.2010	As at 31.03.2009
	Rupees	Rupees
SCHEDULE "8" contd.		
PROVISIONS :		
Proposed Dividend	24,945,996	—
Provision for Tax on Proposed Dividend	4,143,280	—
Provision for Current Tax	5,041,139	4,026,773
Provision for Wealth Tax	156,335	140,000
Provision for Fringe Benefit Tax (Net off Advance Tax)	—	19,700
	<u>34,286,750</u>	<u>4,186,473</u>
TOTAL Rs.	504,072,437	543,595,386
SCHEDULE "9"		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary expenses	417,582	472,663
Less: written off	<u>(55,081)</u>	<u>(55,081)</u>
	362,501	417,582
Pre-operative expenses	2,269,554	3,459,350
Add : Preoperative expenses incurred during the year	712,338	—
Less: written off	<u>(1,189,796)</u>	<u>(1,189,796)</u>
	1,792,096	2,269,554
Voluntary Retirement expenses	36,912,859	46,141,073
Add : Addition during the year	20,480,247	—
	<u>57,393,106</u>	<u>46,141,073</u>
Less : written off during the year	<u>(57,393,106)</u>	<u>(9,228,214)</u>
	—	36,912,859
TOTAL Rs.	2,154,597	39,599,995
	For the year ended 31.03.2010	For the year ended 31.03.2009
	Rupees	Rupees
SCHEDULE "10"		
SALES :		
A) EXPORTS	1,776,452,674	2,101,729,008
B) LOCAL	10,764,433	26,590,226
	<u>1,787,217,107</u>	<u>2,128,319,234</u>
LESS: VAT	<u>103,115</u>	<u>93,714</u>
	1,787,113,992	2,128,225,520
TOTAL Rs.	1,787,113,992	2,128,225,520
SCHEDULE "11"		
INCREASE/DECREASE IN STOCK :		
Closing Stocks - Finished Goods	186,947,097	141,515,726
Opening Stocks - Finished Goods	<u>141,515,726</u>	<u>104,929,671</u>
TOTAL Rs.	45,431,371	36,586,055
SCHEDULE "12"		
OTHER INCOME :		
Rent	14,565,625	7,236,110
Debit / Credit Balance written off	17,689,056	2,134,714
Discount received	5,001	11,946
Dividend on Mutual Funds	15,604,219	19,045,908
Profit on Sale of Investments (net)	16,496,758	—
Dividend on Shares	2,012	192,387
Miscellaneous Income	773,135	1,253,304
Interest received	9,978,600	16,935,620
Exchange Difference	—	2,029,488
Sales Tax Refund	—	17,120
Consultancy Income	332,050	—
TOTAL Rs.	75,446,456	48,856,597

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	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE "13"		
RAW MATERIALS CONSUMED :		
Opening Stock	620,290,475	653,420,700
Add: Purchases	<u>1,341,668,730</u>	<u>1,559,715,641</u>
	1,961,959,205	2,213,136,341
Less : Closing Stock	<u>671,707,874</u>	<u>620,290,475</u>
TOTAL Rs.	<u>1,290,251,331</u>	<u>1,592,845,866</u>
SCHEDULE "14"		
MANUFACTURING AND OTHER EXPENSES :		
MANUFACTURING EXPENSES :		
Stores & Spares	9,874,870	9,565,305
Power & Water	12,266,796	17,669,119
Repairs & Maintenance (Building)	196,044	670,605
Machinery & Electrical Repairs	613,558	1,310,805
Grooving Charges	1,509,719	1,523,090
Insurance (Building)	151,483	204,857
Others	<u>24,594,379</u>	<u>18,533,422</u>
	49,206,849	49,477,203
WAGES, SALARIES AND OTHER BENEFITS :		
Salaries, Wages, Bonus & Ex-gratia	47,370,641	146,811,435
Contribution to E.S.I.C.	429,425	1,787,832
Contribution to Provident Fund	1,104,633	4,945,316
Voluntary Retirement Scheme expenses written off	59,750,599	9,228,214
Contribution to Group Gratuity Scheme	1,403,576	3,590,043
Contribution to Life Cover Premium under Group Gratuity Scheme	18,260	56,213
Workmen & Staff Welfare expenses	<u>2,361,489</u>	<u>3,097,402</u>
	112,438,622	169,516,455
OTHER EXPENSES :		
Insurance Charges	875,083	1,247,336
Exchange Difference Others	98,088,146	151,863,660
Rent, Rates & Taxes	10,579,901	15,767,631
Repairs & Maintenance	2,778,754	2,566,610
Commission on Sales	16,403,479	14,856,504
Advertisement	440,291	2,013,832
Travelling and Conveyance	6,890,117	10,682,066
Telephone Charges	2,032,167	3,049,101
Printing & Stationery	1,214,420	1,962,638
Auditors' Remuneration	428,075	569,710
Donation	28,600	43,601
Vehicle expenses	1,772,851	2,468,531
Portfolio Management Fees	34,000	1,269,366
Security Transaction Tax	131,291	203,800
Bad Debts	17,269,649	1,119,427
General expenses	<u>44,033,674</u>	<u>65,572,835</u>
	203,000,497	275,256,647
TOTAL Rs.	<u>364,645,968</u>	<u>494,250,305</u>
SCHEDULE "15"		
INTEREST & FINANCE CHARGES :		
Bank Charges	10,690,547	8,358,340
Interest	25,312,847	22,739,388
Stamp Duty	161,106	136,220
TOTAL Rs.	<u>36,164,499</u>	<u>31,233,948</u>

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SCHEDULE '16'

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1) SIGNIFICANT ACCOUNTING POLICIES :

A NATURE OF OPERATIONS :

Goldiam International Limited ("Parent Company" or "The Company"), a public limited company, together with its subsidiaries, joint venture and associates (hereinafter collectively referred to as the " Group") operates as a manufacturer of Diamond studded Gold, Platinum and Silver Jewellery. The business includes entire chain of marketing, production and distribution of Jewellery all over the world.

The Parent Company's shares are listed for trading on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

B BASIS OF ACCOUNTING :

- (i) The financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India, to the extent applicable.
- (ii) These consolidated financial statements have been prepared and presented under the historical cost convention, except as disclosed in the financial statements, on accrual basis of accounting in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standard (AS)-21 "Consolidated Financial Statements" and Accounting Standard (AS)- 27 "Financial Reporting of Interest in Joint Ventures" in Consolidated Financial Statements to the extent applicable.
- (iii) The Financial Statements are prepared under historical cost convention on accrual basis and have been prepared in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India. The accounting policies have been consistently applied by the Group unless otherwise stated.
- (iv) In preparing Group's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, actual results could differ from those estimates.
- (v) The financial statements of the Company, and its subsidiaries are drawn upto the same reporting date i.e. 31st March, 2010. The consolidated financial statements of Goldiam USA Inc., "OOO Tiara Jewels", subsidiary of Diagold Designs Limited in USSR, and Goldiam Jewels SDN BHD, joint venture of Diagold Designs Limited in Malaysia, have been consolidated on the basis of the last financial review report presented by the Subsidiary as on 31st March, 2010 and unaudited accounts of the Joint Venture as on 30th September, 2009.

C Principles of consolidation :

- (i) The consolidated financial statements relate to GOLDIAM INTERNATIONAL LIMITED ('the Company'), its subsidiaries, consolidated financial statements of subsidiary and Joint Venture "(The Group)" which have been prepared in accordance with Accounting Standards on Consolidated Financial Statements (AS-21) and Financial Reporting of Interests in Joint Venture (AS-27) issued by the Institute of Chartered Accountants of India.
- (ii) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- (iii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised and shown as Translation Reserves.
- (iv) The difference between the proceeds from disposal of investment in a subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and Loss account being the profit or loss on disposal of investment in subsidiary.
- (v) The excess/ deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill / capital reserve. The Parent Company's net worth in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of the entities as on the date of the investment.
- (vi) Minority interest in the net assets of the consolidated subsidiaries consist of :
 - (1) The amount of equity attributable to minorities at the date on which accounts are made.
 - (2) The minorities' share of movements in the reserves since the date the parent-subsidiary relationship came into existence.
- (vii) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Parent Company's financial statements.

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- (viii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- (ix) The Basis of consolidation for Joint Venture :
In preparing consolidated financial statement the consolidation of Joint Venture is done on proportionate consolidation method.
 - (a) Monetary Items of the Joint Venture have been translated using the Closing Exchange rate at the date of the Balance Sheet.
 - (b) Fixed Assets of the Joint Venture have been translated at the transaction date.
 - (c) The Net Exchange Difference resulting from the translation of the items in the Financial Statements of Joint Venture have been recognised as income or expense for the period.

D Accounting Policies:

(i) Fixed Assets :

Fixed assets (excluding land & building) are stated at historical cost less accumulated depreciation. Land of one of the subsidiaries has been revalued as on 31st March, 2007 at replacement values. Difference in replacement value and historical cost has been transferred to Revaluation Reserve Account of the subsidiary in that year. No depreciation has been charged on revalued asset as the revaluation is with respect to Land.

(ii) Depreciation :

Depreciation on Assets is provided on " Written-down method " (except in the case of foreign subsidiary, till the date it became joint venture namely Goldiam HK Limited), the depreciation is provided at the rates based on the estimated useful life of the respective assets, as determined by the management or on the minimum depreciation rates as prescribed under the domestic law of the Subsidiary, whichever is higher. Depreciation in respect of Goldiam Jewels Limited is provided on Straight-line method. Depreciation on assets in Limited Liability Partnership firm (Temple Designs LLP) is provided as allowable under Income Tax Act, 1961. The effect of the same is not significant in the Consolidated Financial Statement.

(iii) Impairment of Assets :

- i) At each Balance sheet date, the Group determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS)-28 "Impairment of Assets". A Provision for Impairment loss is made wherever the carrying amount of an asset exceeds its recoverable amount. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if no impairment loss had been recognized.
- ii) After Impairment, depreciation is provided on the revised carrying amount of the assets.

(iv) Inventories :

- i) Raw materials are valued at cost or net realisable value, whichever is lower, on first in first out basis.
- ii) Stores and Spares are valued at cost on first in first out basis.
- iii) Cost of finished goods comprises of direct material, conversion cost and all other cost incurred in bringing material to its present location and are valued at cost or net realisable value whichever is lower. Trading goods are valued at cost or net realisable value, whichever is lower.

v) Foreign Currency Transactions and Translation of Financial Statements of Foreign Subsidiaries :

Monetary Assets (including bank account maintained in foreign currency) except those which are covered by forward exchange contracts and monetary liabilities, i.e. items to be received or paid in foreign currency, are stated at the exchange rates prevailing on the date of Balance Sheet. In case of transactions which are covered by forward exchange contracts, the difference between the forward rate and the spot rate is recognised as income or expense over the life of contracts. Realised gains and losses on foreign currency transactions are recognised in the Profit & Loss Account.

Reporting currency for the group is Indian Rupees. The functional currency of foreign Subsidiaries is US Dollar and HK Dollar (till the date of subsidiary, subsequently a Joint Venture). In preparing consolidated financial statement both monetary and non-monetary Assets and Liabilities are translated using the exchange rate as at the Balance Sheet date and Revenues, Cost and Expenses are translated using average of Exchange Rates during the reporting period. Share Capital and Opening Reserves and Surplus, Opening Fixed Assets are carried at historical Cost. Resultant currency translation exchange Gain/Loss is disclosed as "Foreign Currency Translation Reserve" in Reserves and Surplus.

Monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and is recognised over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year. In respect of foreign currency option contracts which are entered into to hedge

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highly probable forecasted transactions, the cost of these contracts, if any, is expensed over the period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expense for the period in which settlement or cancellation takes place. The effect of these currency option contracts outstanding at the year-end in the form of unrealised gain/losses, is recognised.

(vi) Investments :

- i) Investments that are intended to be held for more than a year from the date of acquisition and those having fixed maturity period of more than a year are classified as long-term Investments and are stated at cost. Provision for diminution in value of long-term investments is made, if the diminution is other than temporary.
- ii) Current investments are valued at cost or market value, whichever is lower, on scrip wise basis. Cost is determined on First In First Out (FIFO) basis.
- iii) Reclassification of investments are made at the lower of cost and fair value at the date of transfer wherever available.

vii) RECOGNITION OF INCOME AND EXPENDITURE :

Revenues/Incomes and Costs/Expenditures are generally accounted on accrual basis as they are earned or incurred.

SALES :

Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of dates of Airway Bills. Domestic sales are disclosed net of value added tax, discounts and returns as applicable.

DIVIDEND :

Revenue is recognised when the right to receive is established.

INTEREST :

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

viii) RETIREMENT BENEFITS TO EMPLOYEES :

Liabilities in respect of defined benefit plans other than Provident Fund and E.S.I.C. are determined based on actuarial valuation. Short Term Benefits are recognised immediately in the profit and loss account. In respect of Provident Fund, ESIC and Labour Welfare Fund are charged to Profit and Loss Account when contributions to respective fund are due. In respect of foreign subsidiaries & Joint Venture, the same has been accounted as per respective Law.

ix) SEGMENT INFORMATION :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole and the company has two business segment viz. Jewellery Manufacturing and Investment Activity.

x) EARNING PER SHARE :

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

xi) PROVISION FOR CURRENT AND DEFERRED TAX :

Tax expense comprising of Current, deferred tax and fringe benefit taxes :

Income Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income tax law) and deferred tax charge or credit.

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Provision for Fringe Benefit tax for the year has been determined in accordance with the provision of section 115WC of the Income Tax Act, 1961.

xii) PROVISIONS/ CONTINGENCIES :

A Provision is created when an enterprise has a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount and it is probable that an outflow of resources will be required to settle the obligation. A disclosure for contingent liability is made when

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there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, assets and related income is recognised in the financial statements of the period in which the change occurs.

xiii) MISCELLANEOUS EXPENDITURES :

Expenses included under the head "Miscellaneous Expenditure" are Voluntary Retirement payments and Preliminary Expenses. A Voluntary Retirement Scheme was announced in the last quarter of the previous year. In accordance with the transitional provision contained in Accounting Standard 15, the company has chosen to amortise such expenses in equal quarterly installments over a period ending on 31st March, 2010. Preliminary Expenses are written off over the period of five years.

- 2) The Consolidated accounts for the year ended 31st March, 2010 were consolidated on the basis of the audited accounts presented by the Subsidiaries Diagold Designs Limited, Goldiam Jewels Limited, Goldiam Jewellery Limited and Limited Review Report presented by subsidiary M/s. Goldiam USA, Inc.
With effect from 23rd July, 2009, the group holding in Goldiam HK Limited, Hong Kong, is reduced from 50.27% to 49.93% due to non-subscription to the rights issue announced by Goldiam HK Limited. Accordingly accounts of Goldiam HK Limited have been consolidated upto 22nd July, 2009 as subsidiary based on the unaudited accounts presented by Goldiam HK Limited and thereafter as per Financial Reporting of Interests in Joint Venture (AS-27) issued by the Institute of Chartered Accountants of India as per the audited accounts presented by Joint Venture.
- 3) a) During the year under review, subsidiary M/s. Diagold Designs Limited has formed a Limited Liability Partnership Firm namely Temple Designs LLP as a designated partner with a share of profit of 95%. The same has been consolidated as per the audited accounts provided by Temple Designs LLP as per Financial Reporting of Interests in Joint Venture (AS-27) issued by the Institute of Chartered Accountants of India.
b) During the year under review, M/s. Diagold Designs Limited has invested 0.0325% in Goldiam HK Limited. Investment in Goldiam HK Limited has increased the total holding of Goldiam International Limited from 49.93% to 49.96%. The Consolidated accounts have been consolidated as per the total holding by the Group as per Financial Reporting of Interests in Joint Venture (AS-27) issued by the Institute of Chartered Accountants of India.
- 4) The consolidated accounts of the joint venture of Diagold Designs Limited namely Goldiam Jewels SDN BHD has been consolidated on the basis of the unaudited accounts upto 30th September, 2009 presented by the Joint Venture and subsidiary of Diagold Designs Limited, "OOO" Tiara Jewels, has been consolidated on limited review report as on 31st March, 2010 presented by the subsidiary.

5) Subsidiaries :

The Subsidiary companies considered in the financial statements are :

Name of the subsidiary	Country of Incorporation	Proportion of ownership interest	
		2009-10	2008-09
Diagold Designs Limited	India	50.99%	50.99%
Goldiam Jewels Limited	India	50.55%	50.55%
Goldiam Jewellery Limited	India	100.00%	100.00%
Goldiam HK Limited (upto 22.07.2009)	Hong Kong	50.725%	50.725%
Goldiam USA, Inc.	USA	100.00%	100.00%

6) Step down Subsidiary :

Name of the subsidiary	Country of Incorporation	Proportion of ownership interest	
		2009-10	2008-09
"OOO" Tiara Jewels (Subsidiary of Diagold Designs Limited)	USSR	51.00%	51.00%

7) Joint Ventures :

- a) The financial statements of the following companies which are in the nature of jointly controlled entities have been consolidated as per AS-27

Name of the Company	Country of Incorporation	Percentage Holding (%)		Capital Commitment	Contingent Commitment
		For the Year/ Period ended 31.03.2010	For the year ended 31.03.2009		
Goldiam HK Limited (Joint venture of Holding Company) (from 23.07.2009)	Hong Kong	49.96%	—	—	—
Goldiam Jewels SDN BHD (Joint Venture of Subsidiary Diagold Designs Limited)	Malaysia	30.00%	30.00%	—	—

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The movement in the Group's share of the aggregate post acquisition reserves of joint ventures are as follows :

	Goldiam HK Limited For the Period ended 31.03.10	Goldiam HK Limited For the Period ended 31.03.09	Goldiam Jewels SDN BHD For the Period ended 30.09.09	Goldiam Jewels SDN BHD For the Period ended 30.09.08
Proportionate Reserves and Surplus as at the beginning of the year	—	N.A.	(487,986)	(401,655)
Proportionate Transfer to Reserves	—	N.A.	—	—
Proportionate surplus / (deficit) in Profit and Loss Account (net of transfer to reserves, dividend etc.)	(8,909,189)	N.A.	(48,500)	(86,331)
Proportionate Reserves and Surplus as at the end of the year	(8,909,189)	N.A.	(536,486)	(487,986)

In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Venture' (AS-27), issued by the Institute of Chartered Accountants of India, the Company has interests in the following jointly controlled entities, which are incorporated out of India.

Name of the Company & Country of Incorporation	Percentage of Shareholding (%)	For the Period Ended 31 st March, 2010 Assets (Rs.)	Liabilities (Rs.)	For the Period Ended 31 st March, 2009 Income (Rs.)	Expenditure (Rs.)
Goldiam HK Limited, Hong Kong	49.96%	58,142,296	22,955,092	63,896,610	72,805,800
Name of the Company & Country of Incorporation	Percentage of Shareholding (%)	For the Period Ended 30 th September, 2009 Assets (Rs.)	Liabilities (Rs.)	For the Period Ended 30 th September, 2008 Income (Rs.)	Expenditure (Rs.)
Goldiam Jewels SDN BHD, Malaysia (Joint Venture of Subsidiary of Diagold Designs Limited)	30%	930,826	79,239	—	48,500

b) The share of interest in Joint Venture is as given below :

Consolidated Proportionate share of Joint Venture :

(Amount in Rupees)

	As at 31 st March, 2010			As at 31 st March, 2009		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
SOURCES OF FUNDS						
Shareholder' Funds						
Share Capital	249,459,960	—	249,459,960	255,459,960	—	255,459,960
Reserves and Surplus	1,563,348,893	—	1,563,348,893	1,532,817,256	—	1,532,817,256
Minority Interest	150,218,825	—	150,218,825	194,612,820	—	194,612,820
	1,963,027,678	—	1,963,027,678	1,982,890,036	—	1,982,890,036
Loan Funds						
Secured Loans	245,546,214	—	245,546,214	306,832,059	—	306,832,059
Unsecured Loans	45,896,509	22,690,095	68,586,604	113,361,265	—	113,361,265
	291,442,723	22,690,095	314,132,818	420,193,324	—	420,193,324
TOTAL Rs.	2,254,470,402	22,690,095	2,277,160,496	2,403,083,360	—	2,403,083,360
APPLICATION OF FUNDS						
Fixed Assets (Net)	188,437,094	6,820,761	195,257,855	237,837,626	135,824	237,973,450
Investments	770,049,218	—	770,049,218	494,519,458	—	494,519,458
Deferred Tax Assets	15,807,755	—	15,807,755	6,570,500	—	6,570,500
Current Assets, Loans and Advances:						
Inventories	822,754,487	39,111,559	861,866,046	765,030,560	—	765,030,560
Cash and bank	89,417,700	3,448,423	92,866,123	160,043,908	91,935	160,135,843
Sundry Debtors	721,971,450	43,968,560	765,940,010	1,165,582,930	7,922	1,165,590,852
Loans and Advances	76,293,640	997,689	77,291,329	77,258,088	—	77,258,088
	1,710,437,277	87,526,231	1,797,963,508	2,167,915,486	99,857	2,168,015,343
Less: Current Liabilities and Provisions	465,062,720	39,009,717	504,072,437	543,489,837	105,549	543,595,386
	1,245,374,558	48,516,513	1,293,891,071	1,624,425,649	(5,692)	1,624,419,957
Misc. Expenditures	1,442,259	712,338	2,154,597	39,599,995	—	39,599,995
TOTAL Rs.	2,221,110,884	56,049,612	2,277,160,496	2,402,953,228	130,132	2,403,083,360

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	(Amount in Rupees)					
	2009-10			2008-09		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
Turnover & Other Income	1,797,573,826	64,986,622	1,862,560,448	2,177,082,117	—	2,177,082,117
Increase / Decrease in Stock	31,590,423	13,840,948	45,431,371	36,586,055	—	36,586,055
	1,829,164,249	78,827,570	1,907,991,819	2,213,668,172	—	2,213,668,172
Expenditure						
Raw Materials Consumed	1,222,513,102	67,738,229	1,290,251,331	1,592,845,866	—	1,592,845,866
Purchase Trading	130,491,951	—	130,491,951	115,075,931	—	115,075,931
Wages, Salaries & other Benefits	105,356,264	7,082,358	112,438,622	169,516,455	—	169,516,455
Manufacturing expenses	45,166,694	4,040,154	49,206,848	49,477,203	—	49,477,203
Other Expenses	199,752,293	3,248,205	203,000,498	275,209,299	47,348	275,256,647
Interest	34,625,109	1,539,390	36,164,499	31,233,695	253	31,233,948
Preliminary Expenses	1,244,877	—	1,244,877	1,244,877	—	1,244,877
Depreciation	23,810,067	699,746	24,509,813	32,685,061	38,730	32,723,791
Loss on Sale of Assets	19,769	4,550,381	4,570,150	1,770,596	—	1,770,596
Loss on Sale of Investments	—	—	—	4,533,094	—	4,533,094
Profit before tax	66,184,123	(10,070,893)	56,113,230	(59,923,905)	(86,331)	(60,010,236)

8) CONTINGENT LIABILITIES NOT PROVIDED FOR :

- The Group has outstanding performance guarantee of Rs.65,851,474/- as on the Balance Sheet date, executed in favour of Deputy Commissioner of Customs (Previous Year Rs.10,019,250/-)
- The Municipal Corporation of Greater Mumbai has preferred an appeal in the High Court of Judicature at Bombay against the order of Small Causes Court rejecting the claim of Municipal Corporation of Greater Mumbai for an amount of Rs.13,696,775/- (Previous year Rs. 13,696,775/-) on account of property tax.
- The Group has outstanding demand of Income tax of Rs.576,924/- for assessment year 2004-05 as on the Balance Sheet date, the said demand is outstanding and not provided as disputed in appeal.
- The Group had executed Bank Guarantee of US Dollar Nil favouring The Hongkong & Shanghai Banking Corporation Ltd., Hong Kong for its Subsidiary/Joint Venture Goldiam HK Limited, Hong Kong. (Previous year US Dollar 4,000,000)
- Commitment under contribution agreement with Kotak Alternate Opportunities (India) Fund is Rs.6,250,000/- (Previous Year Rs.13,250,000/-)

9) FINANCIAL INSTRUMENTS / FORWARD CONTRACTS :

The Company has entered into following forward / derivative instruments :

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counterparty is bank. The forward contract or option are not used for trading or speculation purpose.

Outstanding Forward Contract for hedging currency risk against Export Receivables entered into by the company as on 31st March, 2010 is US\$ 3.08 million (Previous years US\$ 8.65 million) equivalent to Rupees 14.68 Crores (Previous year Rs.36.64 Crores) and for Import Payables and Bank borrowings outstanding Forward Contract entered into by the company as on 31st March, 2010 is US\$ Nil (Previous Year Rs.1.00 million) equivalent to Rs. Nil (Previous year Rs. 5.19 Crores).

In respect of derivatives contract relating only to the Company's own export and imports business and foreign currency debt obligations, in accordance with the principles of prudence and other applicable guidelines as per Accounting Standards read with Schedule VI of the Companies Act, 1956, the Company has recognised Rs. 8.12 Crores (Previous year Rs. 15.53 Crores) in Profit and Loss Account and charged the amount to profit and loss account in respect of derivative contracts outstanding as at 31st March, 2010.

Unhedged foreign currency exposure :

PARTICULARS	31.03.2010		31.03.2009	
	in millions	in Lakhs	in millions	in Lakhs
Outstanding Receivables	US\$ 15.35	Rs.7,040.65	US\$ 12.64	Rs.601.11
Outstanding creditors for goods and spares	US\$ 9.065	Rs.4125.81	US\$ 6.453	Rs.3,048.63
Exchange Earner's Foreign Currency a/c with Banks	US\$ 1.317	Rs.594.60	US\$ 1.085	Rs.536.46
Outstanding Payable for Foreign Outward Bill Discount a/c with Bank	US\$ 1.590	Rs.717.88	US\$ 4.665	Rs.2,376.78
Outstanding Payable for Packing Credit Loan in Foreign Currency	US\$ 0.693	Rs.312.92	—	—
Outstanding Loan Payable in Foreign Currency	US\$ 0.102	Rs.45.84	US\$ 0.56	Rs.285.87
Exchange Earner's Foreign Currency a/c with Banks	Euro 0.001	Rs.0.51	Euro 0.001	Rs.0.57

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10) DIFFERENCE IN ACCOUNTING POLICY FOR DEPRECIATION :

Depreciation on fixed assets relating to subsidiary companies, Goldiam USA, Inc., Goldiam HK Limited (upto 22.07.2009) and step down subsidiary "OOO Tiara Jewels" are provided at the rates based on the estimated useful life of the respective assets, as determined by the management or on the minimum depreciation rates as prescribed under the domestic law of the Subsidiary, whichever is higher and in respect of subsidiary Goldiam Jewels Limited the same has been provided as per straight line method as against written down value method followed by the Company. Depreciation for the year includes Rs. 4,426,363/- (Previous year Rs.8,928,602/-) calculated on such basis. The impact of the difference in the accounting policy has not been calculated as the depreciation amount itself is not significant. The net block included in the consolidated financial statements in this respect as at 31st March, 2010 is Rs.28,698,441/- (as at 31st March, 2009 Rs.72,204,505/-).

Depreciation on fixed assets relating to Joint Venture Temple Designs LLP has been provided as per the Income Tax law. Depreciation for the year includes Rs.661,473/- (Previous year Rs.Nil) calculated on such basis. The impact of the difference in the accounting policy has not been calculated as the depreciation amount itself is not significant. The net block included in the consolidated financial statements in this respect as at 31st March, 2010 is Rs. 6,786,718/- (as at 31st March, 2009 Rs.Nil).

11) Managerial Remuneration:

	2009-10 (Rs.)	2008-09 (Rs.)
i) Salaries	444,000	8,380,513
ii) Perquisites	303,897	199,131
iii) Sitting Fees	230,000	260,000
iv) Commission	6,370,172	5,832,385
	7,348,069	14,672,029

12) Earning per Share :

	2009-10	2008-09
Profit/(Loss) after Tax	71,486,075	(49,453,439)
Weighted Avg. no. of shares + potential shares outstanding	25444093	26003736
Earning per share (Basic)	2.87	(1.94)
Earning per share (Diluted)	2.81	(1.90)

13) Related Party Transactions:

As per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, the disclosures of transactions with related parties as defined in the Accounting Standard are given below:

(a) List of related parties and relationship where control exists or with whom transactions were entered into :

Name of the Related Party	Relationship
i) Goldiam HK Limited	Joint Venture of Holding Company
ii) Goldiam Jewels SDN BHD	Joint Venture of Subsidiary
iii) Mr. Manhar R. Bhansali	Key Management Personnel
iv) Mr. Rashesh M. Bhansali	Key Management Personnel
v) Mrs. Ami R. Bhansali	Key Management Personnel of Subsidiary
vi) Milan Mehta	Key Management Personnel of Subsidiary
vii) Nirav Mehta	Key Management Personnel of Subsidiary
viii) Mr. Nehal Mehta	Key Management Personnel of Subsidiary/Joint Venture
ix) Mrs. Shobhana Bhansali	Relative of Key Management Personnel
x) Mrs. Trupti Mehta	Relative of Key Management Personnel of Subsidiary
xi) Mrs. Sweta Mehta	Relative of Key Management Personnel of Subsidiary
xii) Sunshine Corporation	Key Management Personnel has significant control
xiii) Diastud USA Inc.	Key Management Personnel has significant control
xiv) Mr. Ashish Karnavat	Key Management Personnel of Subsidiary

(b) Transaction during the year with related parties:

(Amount in Rupees)

Sr. No.	Nature of Transaction	Key Management Personnel		Relative of Key Management Personnel		Enterprises over which Key Management Personnel have direct influence	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
i)	Payments to & provisions for Directors' remuneration	6,814,172	14,412,029	—	—	—	—
ii)	Issue of Equity Shares	4,163,520	—	832,260	—	—	—
iii)	Interest received	—	—	—	—	1,347,735	2,789,960
iv)	Interest paid	7,372,870	783,457	—	—	1,538,325	2,677,932
v)	Loans received	72,500,000	17,500,000	—	—	—	—
vi)	Sale of goods	—	—	—	—	24,313	—
vii)	Purchase of goods	—	—	—	—	750,216	294,659
I)	Outstanding Loan given as on 31 st March	—	—	—	—	1,347,735	15,000,000
II)	Outstanding Loan received as on 31 st March	52,563,433	23,801,734	—	—	7,070,683	22,316,100
III)	Outstanding Receivables as on 31 st March	—	—	—	—	1,682,213	743,850
IV)	Outstanding Payables as on 31 st March	—	5,832,385	—	—	750,216	—

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c) Disclosure in respect of Transaction with related parties during the year			
Sr. No.	NATURE OF TRANSACTION	Current Year 2009-10 Rupees	Previous Year 2008-09 Rupees
i)	Payments to & provisions for Directors' remuneration :		
	Rashesh M. Bhansali	3,185,086	5,115,758
	Ami R. Bhansali	3,185,086	5,115,758
	Nehal Mehta	—	4,180,513
	Ashish Karnavat	444,000	—
ii)	Issue of Equity Shares :		
	Rashesh M. Bhansali	260	—
	Manhar R. Bhansali	260	—
	Shobhana M. Bhansali	260	—
	Milan Mehta	3,198,000	—
	Trupti Mehta	650,000	—
	Nirav Mehta	679,000	—
	Sweta Mehta	182,000	—
	Nehal Mehta	286,000	—
iii)	Interest received :		
	Sunshine Corporation	1,347,735	2,789,960
iv)	Interest paid :		
	Rashesh M. Bhansali	6,976,437	30,965
	Sunshine Corporation	1,538,325	2,677,932
	Nehal Mehta	396,433	752,492
v)	Loans received		
	Rashesh M. Bhansali	72,500,000	17,500,000
vi)	Sale of goods :		
	Diastud USA Inc.	24,313	—
vii)	Purchase of goods :		
	Diastud USA Inc.	750,216	294,659
I)	Outstanding Loan given as on 31st March		
	Sunshine Corporation	1,347,735	15,000,000
II)	Outstanding Loan received as on 31st March		
	Rashesh M. Bhansali	50,458,630	17,530,965
	Sunshine Corporation	7,070,683	22,316,100
	Nehal Mehta	2,104,803	6,270,769
III)	Outstanding Receivables as on 31st March		
	Diastud USA Inc.	1,682,213	743,850
IV)	Outstanding Payables as on 31st March		
	Rashesh M. Bhansali	—	1,316,627
	Ami R. Bhansali	—	4,515,758
	Diastud USA Inc.	750,216	—
14 GENERAL DESCRIPTION OF DEFINED BENEFIT PLAN:			
GRATUITY :			
The Company makes annual contribution to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement/death while in employment or on termination of employment of an amount equivalent to 15 days service for each completed year of service or part thereof depending on the date of joining. The benefit vests after five years of continuous service.			
Assumptions	Gratuity Funded 31st March, 2010 Rupees	Gratuity Funded 31st March, 2009 Rupees	
Reconciliation of opening and closing balances of the present value of the defined benefit obligation :			
Present Value of obligation as at beginning of year	4,452,134	6,237,392	
Current service cost	481,452	376,908	
Interest cost	353,263	410,751	
Actuarial (gain) / loss	5,133,087	7,169,784	
Benefits paid	<u>(9,653,739)</u>	<u>(8,142,685)</u>	
Present Value of obligation as at end of the year	<u>766,197</u>	<u>6,052,150</u>	

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Change in Plan assets	Rupees	Rupees		
Plan assets at period beginning, at fair value	4,005,181	5,686,689		
Expected return on plan assets	107,826	599,281		
Actuarial (gain) / loss	19,413	782,000		
Contribution	6,307,660	4,870,626		
Benefits paid	(9,653,739)	(8,069,685)		
Plan assets at period end 2010, at fair value	786,341	3,868,911		
Reconciliation of present value of the obligation and the fair value of plan assets				
Fair value of plan assets at the end of the period	708,975	3,853,961		
Present value of the defined benefit obligation at the end of the period	843,563	6,105,968		
Assets / (Liability) recognised in the balance sheet	(134,588)	(2,252,007)		
Expenses for the year				
Current service cost	481,452	376,908		
Interest cost on benefit obligation	353,263	410,751		
Expected return on plan assets	(75,322)	(599,281)		
Net actuarial (gain)/loss recognised in the year	5,179,530	7,169,784		
Total Expenses recognised in the Profit and Loss Account	5,938,923	7,443,875		
Assumptions	31st March 2010 Gratuity	31st March 2009 Gratuity		
Discount Rate	8.0%	7.5%		
Employee Turnover	5.0%	5.0%		
Salary Escalation	5.0%	4.0%		
Mortality	1994-96 LIC Mortality Table (Std)			
The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.				
(I) Amounts recognised as an expense:				
(i) Defined Benefit Plan :				
Gratuity includes gratuity cost of Rs. 17,95,125/- (Previous Year Rs. 36,46,256/-).				
Leave Encashment Rs. 5,23,691/- (Previous Year Rs. 24,72,487/-).				
(ii) Defined Contribution Plan :				
Contribution to Provident Fund is Rs.17,85,678/- (Previous Year Rs. 49,45,316/-) , ESIC and Labour Welfare Fund includes Rs.7,88,287/- (Previous Year Rs.17,87,832/-).				
One of the subsidiary M/s. Goldiam Jewels Limited has not provided gratuity on actuarial valuation but on actual basis for the previous year ended as on 31 st March, 2009. The effect of the same is considered in the current financial year for the purpose of consolidation.				
With respect to foreign subsidiaries and Joint ventures the same has been accounted as per their respective laws in the country of incorporation.				
15	Information given in accordance with the requirements of AS 17 on "Segment Reporting".			
	The Company has identified Two Reportable Segments viz. Jewellery Manufacturing and Investment Activity. Segments have been identified and reported taking into account nature of products and services, the different risks and returns and the internal business reporting systems.			
a)	Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".			
b)	Segment Assets and Segment Liabilities represents assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".			
	(i) Primary Segment Information :	(Amount in Rupees)		
		Year to 31.03.2010		
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	TOTAL
Segment Revenue	1,820,478,859	42,081,589	—	1,862,560,448
Segment Results	62,301,549	41,869,866	—	104,171,415
Less: unallocated expenses net of unallocated (income)	—	—	(11,893,685)	(11,893,685)
Interest expenses (Net)	—	—	—	36,164,499
Profit before tax	—	—	—	56,113,230
Depreciation and Amortisation	—	—	—	24,509,813
Non cash expenses other than Depreciation and Amortisation	—	—	—	—
Segment Assets	1,891,142,999	779,261,459	110,828,475	2,781,232,933
Segment Liabilities (excluding Shareholders' Funds)	934,137,331	—	34,286,750	968,424,080

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	JEWELLERY	Year to 31.03.2009 INVESTMENT ACTIVITY	OTHERS (Unallocated)	TOTAL
Segment Revenue	2,140,891,083	22,493,734	17,120	2,163,401,937
Segment Results	(38,887,085)	20,674,041	—	(18,213,044)
Less: unallocated expenses net of unallocated (income)	—	—	(10,563,243)	(10,563,243)
Interest expenses (Net)	—	—	—	31,233,948
Profit before tax	—	—	—	(60,010,234)
Depreciation and Amortisation	—	—	—	32,723,791
Non cash expenses other than Depreciation and Amortisation	—	—	—	—
Segment Assets	2,222,786,907	517,585,501	206,306,338	2,946,678,746
Segment Liabilities (excluding Shareholders' Funds)	1,154,215,056	—	4,186,473	1,158,401,529

As per Accounting Standard (AS) 17 "Segment Reporting", the Company has reported segment information on consolidated basis including business conducted through subsidiaries and associates.

The Company has identified Geographic segments as its Secondary Segment

Secondary segmental reporting is based on the geographical location of the customers. The geographical segments have been disclosed on revenues within India (Sales to Customers in India) and revenues outside India (Sales to Customers outside India).

(ii) Secondary Segment Information :

1. Segment Results :

PARTICULARS	2009-10 (Rs.)	2008-09 (Rs.)
Within India	1,762,339	(76,218,223)
Exports Outside India	60,539,210	37,331,138
Total Revenue	<u>62,301,549</u>	<u>(38,887,085)</u>

2. Segment Assets :

	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Within India	5,818,870	19,661,985
Exports Outside India	1,885,324,129	2,203,124,922
Total Assets	<u>1,891,142,999</u>	<u>2,222,786,907</u>

3. Segment Liabilities :

Within India	—	1,586,500
Exports Outside India	934,137,331	1,152,628,556
Total Liabilities	<u>934,137,331</u>	<u>1,154,215,056</u>

16 Goodwill on Consolidation

The excess cost of investment over the net book value of the assets on the date of acquisition is treated as purchased goodwill. On consolidation, such goodwill has been amortised over a period of five years.

17 The Deferred Tax Assets comprise of the following :

	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Deferred Tax Liability related to Fixed Assets	47,369	228,736
Deferred Tax Assets related to Fixed Assets	2,092,569	1,543,840
Deferred Tax Assets related to Carried Forward Depreciation	—	4,504,728
Deferred Tax Assets related to Gratuity & Leave Encashment	13,762,555	750,668

Signatures to the Schedules 1 to 16 forming part of the Consolidated Financial Statements.

For Pulindra Patel & Co.

Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 048991

Place : Mumbai
Date : 30th May, 2010

For and on behalf of the Board

Rachana V. Vora
Company Secretary

Manhar R. Bhansali
Chairman & Mg. Director

Rashesh M. Bhansali
V. Chairman & Mg. Director

Place : Mumbai
Date : 30th May, 2010

Diagold Designs Limited

DIRECTORS' REPORT

To,
The Members

Your Directors hereby present their 10th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS: (Rupees in Lacs)

	Year ended 31-03-2010	Year ended 31-03-2009
Sales for the year	4852.04	5539.33
Profit/(Loss) before Interest, Depreciation and Tax	27.61	(59.56)
Less: Interest and Finance Charges	197.33	157.79
Profit/(Loss) before Depreciation and Tax	(169.72)	(217.35)
Less: Depreciation	39.99	43.54
Profit/(Loss) before Taxation	(209.71)	(260.89)
Less: - Provision for Taxation	—	—
- Provision for Fringe Benefit Tax	0.28	1.73
- Provision for Wealth Tax	0.13	—
- Prior Period Expenses	0.15	—
- Provision for Deferred Tax (Assets)/Liability	(7.08)	(5.82)
- Short/(Excess) Provision for Tax of earlier years	5.67	(25.96)
Profit/(Loss) after Taxation	(208.86)	(230.84)
Add: Balance brought forward	1167.75	1398.59
Profit/(Loss) Available for Appropriation	958.89	1167.75
APPROPRIATION:		
Interim Dividend	Nil	Nil
Tax on Interim Dividend	Nil	Nil
Final Dividend	Nil	Nil
Tax on Final Dividend	Nil	Nil
General Reserve	Nil	Nil
Balance Carried to Balance Sheet	958.89	1167.75

OPERATION:

The Sales during the year ended 31st March, 2010 decreased from Rs.5539.33 lacs to Rs.4852.04 lacs reflecting a decline of 12.41% over the previous year. The same was due to recession in the International Market. Other Income amounted to Rs.11.62 lacs compared to Rs.12.22 lacs in the previous year.

The Company is registered as 100% Export Oriented Unit (EOU) with the Development Commissioner, SEEPZ, Mumbai and the income tax liability has been worked out accordingly.

The Company during the year under review formed a Limited Liability Partnership Firm in the name and style of TEMPLE DESIGNS LLP to carry on the manufacturing and trading activities in the Local market. Initial contribution of the Company to the Capital of the firm was 95%. At present holding of the Company in the said firm is 51%.

The Company decided to exit from the Joint Venture in the Russian Subsidiary Company '000 Tiara Jewels' and joint venture partner has agreed to buy the Company's Investment

at par. All the legal formalities for transfer of shares are expected to be completed in the current financial year.

The Company during the year under review acquired small stake in 'Goldiam HK Ltd.', a Company incorporated in Hong Kong.

RIGHT ISSUE:

The Company issued and allotted 78,429 equity shares of Rs.10/- each at the Premium of Rs.120/- per share to Members on Right Basis on 7th November, 2009 to meet the working capital requirements of the Company.

DIVIDEND:

As the Company has incurred a loss of Rs.208.86 Lacs, your directors regret their inability to recommend any dividend for the year under report.

DEPOSITS:

The Company has not accepted any deposits from the public during the year under review. There has not been any unclaimed or unpaid deposit as on 31st March 2010.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for the year under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern' basis.

AUDITORS:

The Auditors of the Company, M/s. PULINDRA PATEL & CO., Chartered Accountants, have furnished their eligibility certificate required under section 224(1-B) of the Companies Act, 1956. The Board recommends their re-appointment till the conclusion of the next Annual General Meeting.

SECRETARIAL COMPLIANCE CERTIFICATE:

Secretarial Compliance Certificate of M/s. R. N. Shah & Associates, Company Secretaries, as required under Section 383A of the Companies Act, 1956 is annexed herewith and forms part of this report.

DIRECTORS:

As per Article 128 of the Articles of Association Mr. Nirav M. Mehta, Director retires by rotation at the Tenth Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Rajesh G. Kapadia resigned as Director with effect from 17th March, 2009 due to his personal commitment for other works. The Board has placed on record appreciation of his services to the Company.

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Mr. Ajay M. Khatlawala has been appointed as an Additional Director on 28th May, 2010, who being Independent Director nominated by the Company's Holding Company – GOLDIAM INTERNATIONAL LTD. Mr. Ajay. M. Khatlawala being eligible offers himself for appointment as Director

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the information is furnished herein below:

A. CONSERVATION OF ENERGY:

As the Gems & Jewellery industry is not covered by the Schedule prescribed by the said Rules, disclosure of particulars on conservation of energy is not applicable to the Company.

B. TECHNOLOGY ABSORPTION:

The particulars regarding absorption of technology are annexed in the prescribed Form B of the Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company's main line of business is the manufacturing and export of Gold Studded Jewellery. The Company has achieved Export Turnover of Rs. 469,821,727/- in the year under review.

Total Foreign Exchange Earned: Rs.476,041,350/- (Previous Year Rs. 595,518,044/-)

Total Foreign Exchange Used: Rs.247,116,010/- (Previous Year Rs. 224,069,748/-)

PARTICULARS OF EMPLOYEES:

None of the employees have received remuneration/salary

exceeding the limit as stated in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Amendment) Act 1988.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their appreciation and sincere gratitude to Central Government, Government of Maharashtra, Local Authorities and Bankers to the Company for their valuable support and look forward to their continued co-operation in the years to come. Your Directors acknowledge the support and co-operation of all those who have helped in the day-to-day management.

SUBSIDIARY COMPANY:

The Company's subsidiary in Moscow, OOO Tiara Jewels operating business of Wholesale trade of Jewellery in Moscow, which is being retailed in India through the Company's retail outlets. As per the provision of Section 212 (1) of the Companies Act, 1956 copies each of the Balance Sheet, Profit & Loss Account, and Report of the Board of Directors and the Report of the Auditors of the Subsidiary Company M/s. OOO Tiara Jewels are attached to this Annual Report. Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountant of India, consolidated Financial Statement is also attached. The turnover and profits of the subsidiary are given below:

Subsidiary	Turnover (Rs.)	Profit / (Loss) (Rs.)
'OOO Tiara Jewels'	2,395,063	365,147

BY ORDER OF THE BOARD

Place : Mumbai

Date : 28th May, 2010

(MANHAR R. BHANSALI)
(CHAIRMAN)

ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

ANNEXURE - I

FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R & D) as per the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1988.

1) Specific Area in which R & D is carried out by the Company

The company is always looking at newer technologies to manufacture diamond studded gold Jewellery, fusion between lost wax casting + process + stamping + Jewellery. This type of Jewellery is now appealing in the international markets.

2) Benefits derived as a result of the above R & D

From the fusion the Company has achieved a much higher volume of sales and hopes to achieve better margins in the coming years. It also gives our customers the leading edge over their competitors as this type of Jewellery is not produced by all.

3) Future Plans of Action

The Company's proposal to enhance manufacturing and marketing of Gold Studded Jewellery, which is expected to have growing demand in the International Market, in the years to come, is still under way.

4) Expenditure on R & D

As stated above the R & D is a continuous process and the expenditure is not specifically earmarked for the same and whatever expenditure is there is debited to the general manufacturing expenses:

Capital Recurring NIL

Total R & D Expenditure as % to total turnover N. A.

Technology absorption, adaptation and innovation:

1) Efforts in brief made towards absorption, adoptions and innovation:

With the introduction of in visual Setting in Diamond Studded Jewellery and Princess Cut Diamond Grooving Machinery, the Company has enhanced its export potential and value addition.

2) Benefits derived as a result of the above efforts, e.g. Product improvement, cost reduction, product development, import substitution, etc.

3) In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the Financial Year), following information may be furnished;

Technology imported)	The Company has not
Year of Import)	imported any
Has Technology been fully absorbed, and If it is not fully absorbed, areas, where this has not taken place, reasons thereof)	Technology since its formation.
and future plan of action)	

Diagold Designs Limited

COMPLIANCE CERTIFICATE

To,
The Members
DIAGOLD DESIGNS LIMITED

We have examined the registers, records, books and papers of **DIAGOLD DESIGNS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities not within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 10 times on 2nd April, 2009, 27th April, 2009, 19th June, 2009, 15th July, 2009, 25th August, 2009, 5th September, 2009, 9th October, 2009, 7th November, 2009, 12th January, 2010 and 17th March, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members, and/or debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2009 was held on 31st July, 2009 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its directors or persons or firms or Companies referred in the section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or the Central Government as the case may be.
12. The Company has not issued any duplicate share certificates during the year.
13. The Company has:
 - (i) delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) not deposited any amount in separate bank account as no dividend was declared during the financial year;
 - (iii) not posted warrants for dividends to any members of the Company as no dividend was declared during the financial year;
 - (iv) not transferred any amounts in to Investor Education and Protection Fund as there was no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
 - (v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. The Company has appointed Managing Director and Whole-time directors in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 78,429 Equity Shares during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.

21. There was no redemption of Preference shares or debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2010 is within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened at the General Body meeting of the Company.
25. The Company has made loans and advances or given guarantees or provided securities to other bodies corporate and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees' and employer's contribution towards Provident Fund during the financial year with prescribed authorities pursuant to Section 418 of the Act.

For **R. N. SHAH & ASSOCIATES**
Company Secretaries

(RAJNIKANT N. SHAH)
Proprietor
C. P. No. 700

Place : Mumbai
Date : 28th May, 2010

Annexure A

Registers as maintained by DIAGOLD DESIGNS LIMITED:

1. Board Minutes Book u/s. 193.
2. Members Minutes Book u/s. 193.
3. Attendance Register.
4. Application for and Allotment of Shares u/s. 72.
5. Register of Members u/s. 150.
6. Register of Share Transfers u/s. 108.
7. Register of Directors, Managing Directors u/s. 303.
8. Register of Directors' Shareholdings u/s. 307.
9. Register of Contracts u/s. 301.
10. Register of Companies and Firms in which Directors are interested u/s. 301(3).
11. Register of Charge u/s. 143.

Annexure B

Forms and Returns as filed by DIAGOLD DESIGNS LIMITED with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2010: -

1. Form 20B together with Annual Return dated 31/07/2009 filed u/s. 159 on 21/08/2009.
2. Form 66 along with Compliance Certificate for the financial year ended 31/03/2009 filed u/s. 383A on 01/08/2009.
3. Form 23AC & ACA together with Balance Sheet as on 31/03/2009 and Profit and Loss Account for the year ended on that date filed u/s. 220 on 22/10/2009.
4. Form No. 2 dated 07/11/2009 filed u/s. 75(1) on 14/11/2009 for allotment of 78,429 Equity Shares of Rs. 10/- each at the Premium of Rs. 120/- per share on Right Issue.
5. Form No.32 dated 17/03/2010 filed u/s. 303(2) on 19/03/2010 for resignation of Mr. Rajesh G. Kapadia as a Director.

AUDITORS' REPORT

TO THE MEMBERS OF DIAGOLD DESIGNS LIMITED

We have audited the attached Balance Sheet of DIAGOLD DESIGNS LIMITED as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto. 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.

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 mis-statement. 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts 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, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the mandatory accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010, from being appointed as director in terms of clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the year ended on that date.

For Pulindra Patel & Co.
Chartered Accountants

(Pulindra Patel)

Proprietor

Membership No. 48991

Place : Mumbai

Date : 28th May, 2010.

ANNEXURE REFERRED TO IN 3RD PARAGRAPH OF OUR REPORT OF EVEN DATE

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. All fixed assets have been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - b) There was no substantial disposal of fixed assets during the year.
2.
 - a) As explained to us, the management has conducted physical verification of inventory at reasonable intervals.
 - b) In our opinion and according to the information & explanations given to us, the procedure of physical verification of inventories followed by the management are 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 & explanations given to us, the Company has maintained

proper records of inventory and no material discrepancies were noticed on physical verification.

3.
 - a) According to the information and explanations given to us, the company has granted loans to two parties of which one is wholly owned subsidiary company, covered in the registered maintained under section 301 of the Act. The maximum amount involved during the year was Rs.3,821,250/- and year end balance of the loans granted was Rs.3,272,835/-.
 - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the company.
 - c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
 - d) There is no overdue amount of loans granted to companies, listed in the register maintained under section 301 of the Companies Act, 1956.
 - e) According to the information and explanations given to us, the Company has not taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (f) to (g) of the order are not applicable.

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4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and service. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) According to the information and explanations given to us, the transactions that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, these contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have been informed that the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
9. According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales tax, customs duty and excise duty were outstanding at the year end for a period of more than six months from the date they became payable,:
- According to the records of the Company, there are no dues outstanding of sales tax, income tax, customs duty, wealth tax, and cess on account of any dispute.
- According to the records of the Company, disputed Income Tax Liability not deposited on account of dispute is as follows:
- | Name of Statute/
Description | Amount Rs. | Period
to which
the amount
relates | Forum where
dispute is
pending |
|---------------------------------|------------|---------------------------------------------|-------------------------------------------|
| Income Tax
A.Y.2004-05 | 5,76,924/- | A.Y. 2004-05 | Commissioner
of Income Tax
Appeals. |
10. The Company has no accumulated losses at the end of the financial year and it has incurred cash losses in the current and has incurred cash losses in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks. The Company does not have any borrowings by way debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statue applicable to chit fund and nidhi / mutual benefit fund societies.
14. In respect of dealing in shares, debentures, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its subsidiaries and associates from banks or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been utilized for long-term investment, though surplus funds which were not required for immediate utilization have been gainfully invested in Shares.
18. As per the information and explanations given to us the Company has made preferential allotment of shares during the year to the parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Pulindra Patel & Co.
Chartered Accountants

(Pulindra Patel)
Proprietor

Place : Mumbai
Date : 28th May, 2010.

Membership No. 48991

Diagold Designs Limited

BALANCE SHEET AS ON 31ST MARCH, 2010

	Sch No.	As on 31.03.2010 Rupees	As on 31.03.2009 Rupees
I SOURCES OF FUNDS:			
1 SHAREHOLDERS FUND:			
a) SHARE CAPITAL	1	39,999,290	39,215,000
b) RESERVES AND SURPLUS	2	<u>210,988,526</u>	<u>222,462,922</u>
		250,987,816	261,677,922
2 LOAN FUNDS :			
a) SECURED LOANS	3	196,007,540	139,934,137
b) UNSECURED LOANS	4	—	<u>70,779,718</u>
		196,007,540	210,713,855
TOTAL Rs.		<u>446,995,356</u>	<u>472,391,777</u>
II APPLICATION OF FUNDS:			
1 FIXED ASSETS			
GROSS BLOCK	5	119,347,333	117,541,376
LESS : DEPRECIATION		<u>41,763,595</u>	<u>38,977,809</u>
NET BLOCK		77,583,738	78,563,567
2 INVESTMENTS			
	6	9,472,068	1,252,277
3 DEFERRED TAX ASSETS			
(See Schedule 18 Note No. 20)		1,736,180	1,028,455
4 CURRENT ASSETS, LOANS AND ADVANCES			
a) INVENTORIES	7	242,996,719	157,916,810
b) SUNDRY DEBTORS		263,928,671	272,729,047
c) CASH AND BANK BALANCES		7,666,551	18,682,420
d) LOANS AND ADVANCES		<u>14,067,425</u>	<u>17,371,482</u>
		528,659,365	466,699,759
5 CURRENT LIABILITIES AND PROVISIONS			
a) CURRENT LIABILITIES	8	170,290,710	82,359,464
b) PROVISIONS		165,286	152,376
		170,455,995	82,511,840
NET CURRENT ASSETS		358,203,370	384,187,920
6 MISC. EXPENDITURE			
(To the extent not written off or adjusted)	9	—	7,359,558
(See Schedule 18 Note No. 1 (P))			
TOTAL Rs.		<u>446,995,356</u>	<u>472,391,777</u>
Contingent Liabilities (See Schedule 18 Note No.3)			
NOTES ON ACCOUNTS			
	18		

Schedule referred to above form an integral part of Balance Sheet
As per our report of even date

For Pulindra Patel & Co.
Chartered Accountants

Pulindra Patel
Proprietor
Membership No. 048991

Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Milan R. Mehta
Managing Director

Place : Mumbai
Date : 28th May, 2010

Nirav M. Mehta
Director

Annual Report 2009-2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Sch No.	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
I INCOME :			
SALES	10	485,203,618	553,932,870
OTHER INCOME	11	1,162,220	1,221,977
INCREASE / DECREASE IN STOCK	12	(969,005)	(7,004,617)
PROFIT ON SALE OF FIXED ASSETS		4,477	—
TOTAL Rs.		<u>485,401,311</u>	<u>548,150,230</u>
II EXPENDITURE :			
COST OF MATERIALS	13	367,847,779	458,616,699
PURCHASE FOR TRADING		37,873,055	—
EMPLOYEES' COST	14	15,105,207	20,072,111
MANUFACTURING EXPENSES	15	12,425,093	6,054,614
ADMINISTRATIVE, SELLING & OTHER EXPENSES	16	48,052,419	58,378,521
INTEREST AND FINANCE CHARGES	17	19,733,223	15,778,543
PRELIMINARY EXPENSES WRITTEN OFF	9	34,293	34,293
DEPRECIATION	5	3,998,403	4,354,367
LOSS ON SALE OF INVESTMENTS (NET)		—	10,950,001
SHARE OF LOSS FROM LLP		1,303,204	—
TOTAL Rs.		<u>506,372,675</u>	<u>574,239,150</u>
III PROFIT :			
PROFIT BEFORE TAX		(20,971,365)	(26,088,920)
LESS : PROVISION FOR TAXATION			
— CURRENT TAX		—	—
— DEFERRED TAX ASSET		707,725	582,321
— FRINGE BENEFIT TAX		28,127	172,880
— WEALTH TAX		12,910	—
— SHORT / EXCESS PROVISION FOR TAX		566,541	2,595,635
PRIOR PERIOD EXPENSES		14,658	—
PROFIT AFTER TAX		<u>(20,885,876)</u>	<u>(23,083,844)</u>
BALANCE BROUGHT FORWARD		116,775,086	139,858,930
PROFIT AVAILABLE FOR APPROPRIATION		<u>95,889,210</u>	<u>116,775,086</u>
APPROPRIATIONS :			
BALANCE CARRIED FORWARD TO BALANCE SHEET		95,889,210	116,775,086
TOTAL Rs.		<u>95,889,210</u>	<u>116,775,086</u>
NOTES ON ACCOUNTS	18		
EARNING PER SHARE (Basic)		(5.22)	(5.89)
EARNING PER SHARE (Diluted)		(5.28)	(5.89)
(Face Value of Rs. 10/-) See Schedule 18 Note No. 1 (L)			

Schedule referred to above form an integral part of Profit and Loss Accounts

As per our report of even date

For Pulindra Patel & Co.
Chartered Accountants

Pulindra Patel
Proprietor
Membership No. 048991

Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Milan R. Mehta
Managing Director

Place : Mumbai
Date : 28th May, 2010

Nirav M. Mehta
Director

Diagold Designs Limited

CASH FLOW OF THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Rupees	2009-2010 Rupees	2008-2009 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES:			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		(20,971,365)	(26,088,920)
ADJUSTMENT FOR:			
Depreciation (Schedule 5)	3,998,403		4,354,367
Interest	18,974,860		14,720,230
Profit / (Loss) Sale of Investments	—		10,950,001
Profit / (Loss) Sale of Fixed Assets	(4,477)		—
Misc. Expenditure written off	34,293		34,293
Share of Loss from LLP	1,303,204		—
VRS expenses written off	7,325,265		1,831,316
Prior year expenses	(14,658)		—
Short/(excess) revision for taxation written off	(566,541)		2,595,635
		<u>31,050,349</u>	<u>34,485,842</u>
		10,078,984	8,396,922
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			
ADJUSTMENT FOR:			
Trade and other Receivable	12,274,514		82,571,298
Voluntary Retirement Payments	—		(9,156,581)
Inventories	(85,079,909)		(9,573,783)
Trade Payable	88,540,872		(116,014,956)
		<u>15,735,477</u>	<u>(52,174,022)</u>
CASH GENERATED FROM OPERATIONS		25,814,461	(43,777,100)
Interest Paid	(19,733,223)		(15,778,543)
Direct Tax Paid	(198,207)		(574,301)
		<u>(19,931,430)</u>	<u>(16,352,844)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS		5,883,031	(60,129,944)
NET CASH FROM OPERATING ACTIVITIES			
B) CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	(3,360,763)		(370,018)
Purchase of Investments	—		(818,036)
Investment in Overseas Subsidiary	(9,522,995)		(8,856)
Sale of Investments	—		16,951,239
Sale of Fixed Assets	346,666		—
Interest Received	758,363		1,058,313
NET CASH USED IN INVESTING ACTIVITIES		<u>(11,778,729)</u>	<u>16,812,642</u>
		(5,895,698)	(43,317,302)
C) CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from Issue of Share Capital including Security premium	10,195,770		—
Repayment of Long Term Borrowing	(14,706,315)		42,442,229
Dividend Paid	—		—
NET CASH USED IN FINANCING ACTIVITIES		<u>(4,510,545)</u>	<u>42,442,229</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		(10,406,243)	(875,073)
CASH AND CASH EQUIVALENTS AS AT 01.04.09		18,034,304	18,909,377
CASH AND CASH EQUIVALENTS AS AT 31.03.10		7,628,061	18,034,304

For Pulindra Patel & Co.
Chartered Accountants

Pulindra Patel
Proprietor
Membership No. 048991

Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Milan R. Mehta
Managing Director

Nirav M. Mehta
Director

Place : Mumbai
Date : 28th May, 2010

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2010

	As on 31.03.2010 Rupees	Rupees	As on 31.03.2009 Rupees
SCHEDULE "1"			
SHARE CAPITAL			
AUTHORISED CAPITAL :			
4000000 Equity Shares of Rs.10/- each	<u>40,000,000</u>		40,000,000
Total Rs.	<u>40,000,000</u>		<u>40,000,000</u>
ISSUED CAPITAL :			
3999929 Equity Shares of Rs. 10/- each	<u>39,999,290</u>		39,215,000
(Previous year 3921500 Equity Shares of Rs.10/- each)			
Total Rs.	<u>39,999,290</u>		<u>39,215,000</u>
SUBSCRIBED AND PAID UP CAPITAL :			
3999929 Equity Shares of Rs. 10/- each	<u>39,999,290</u>		39,215,000
(Previous year 3921500 Equity Shares of Rs.10/- each)			
Total Rs.	<u>39,999,290</u>		<u>39,215,000</u>
Note :			
[of the above 2039658 Equity shares (Previous year 1999665) are held by Holding Company Goldiam International Limited]			
SCHEDULE "2"			
RESERVES AND SURPLUS :			
1. Securities Premium	<u>36,860,000</u>		36,860,000
Add : Addition during the year	<u>9,411,480</u>		—
	46,271,480		<u>36,860,000</u>
2. Revaluation Reserve			
Opening Balance	<u>42,086,821</u>		42,086,821
	42,086,821		<u>42,086,821</u>
3. General Reserve			
Opening Balance	<u>26,741,015</u>		26,741,015
Add : Transfer from Profit & Loss A/c	<u>—</u>		—
	26,741,015		<u>26,741,015</u>
4. Profit & Loss Account	<u>95,889,210</u>		116,775,086
Total Rs.	<u>210,988,526</u>		<u>222,462,922</u>
SCHEDULE "3"			
SECURED LOANS :			
Punjab National Bank P. C. (*)	<u>52,499,286</u>		102,221,137
Punjab National Bank P.S.C. (*)	<u>38,949,958</u>		37,713,000
Punjab National Bank P.C.F.C.(*)	<u>71,788,387</u>		—
Punjab National Bank F.O.B.D. (*)	<u>31,291,952</u>		—
<i>(* Secured by hypothecation of Stock, Debtors and Equitable mortgage of Lease hold Land and Factory Building at R-1 Cama Industrial Estate, Walbhat Road, Goregaon (East), Mumbai - 400063.)</i>			
HDFC Bank Car Loan I (**)	<u>223,953</u>		—
HDFC BANK Car Loan II (**)	<u>870,004</u>		—
HDFC BANK Car Loan III (**)	<u>384,000</u>		—
<i>(** Motor Car Loans is secured against Motor Cars)</i>			
Total Rs.	<u>196,007,540</u>		<u>139,934,137</u>
SCHEDULE "4"			
UNSECURED LOANS :			
Barclays Bank PLC F.O.B.D.	<u>—</u>		70,779,718
Total Rs.	<u>—</u>		<u>70,779,718</u>

Diagold Designs Limited

(Amount in Rupees)											
SCHEDULE "5" FIXED ASSETS :	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening Balance	Addition	Deduction	Cost as on 31.03.2010	Opening Depreciation	For the Period	Deduction	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
	Land	50,646,821	—	—	50,646,821	—	—	—	—	50,646,821	50,646,821
	Factory Building	27,778,869	—	—	27,778,869	13,792,454	1,398,642	—	15,191,096	12,587,773	13,986,415
	Total (A) Rs.	78,425,690	—	—	78,425,690	13,792,454	1,398,642	—	15,191,096	63,234,594	64,633,236
	Air Conditioner	1,041,839	81,500	—	1,123,339	550,916	72,834	—	623,750	499,589	490,923
	Computer	1,600,225	325,884	—	1,926,109	1,407,896	151,102	—	1,558,998	367,111	192,329
	Computer Software	676,180	19,240	—	695,420	642,390	17,021	—	659,411	36,009	33,790
	Electrical Installation	4,231,830	—	—	4,231,830	2,472,466	244,727	—	2,717,193	1,514,637	1,759,364
	Plant & Machinery	14,997,346	368,274	—	15,365,620	9,079,288	942,149	—	10,021,437	5,344,183	5,918,058
	Furniture & Fixtures	12,349,681	102,677	—	12,452,358	8,464,918	710,654	—	9,175,572	3,276,786	3,884,763
	Office Equipment	1,888,694	97,188	—	1,985,882	873,903	145,156	—	1,019,059	966,823	1,014,791
	Vehicle	2,329,892	2,366,000	1,554,806	3,141,086	1,693,578	316,118	1,212,617	797,079	2,344,007	636,314
	Total (B) Rs.	39,115,687	3,360,763	1,554,806	40,921,644	25,185,355	2,599,761	1,212,617	26,572,499	14,349,145	13,930,332
	Total (A+B) Rs.	117,541,377	3,360,763	1,554,806	119,347,334	38,977,809	3,998,403	1,212,617	41,763,595	77,583,739	78,563,568
	Figures of Previous year	117,171,359	370,018	—	117,541,377	34,623,442	4,354,367	—	38,977,809	78,563,568	—

Note: Pursuant to Accounting Standard AS 28 "Impairment of assets", there is no impairment of assets.

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2010

	As on 31.03.2010 Rupees	As on 31.03.2009 Rupees
SCHEDULE "6"		
INVESTMENTS :		
LONG TERM INVESTMENTS (At Cost) :		
TRADE INVESTMENTS :		
UNQUOTED :		
i) In Equity Shares of Joint Venture Company - Unquoted, fully paid at cost GOLDIAM JEWELS SDN. BHD. (No. of Shares 105000 Face Value of 1.00 Ringets Per Share)	1,243,421	1,243,421
ii) In Equity Shares of Joint Venture Company - Unquoted, fully paid at cost 'OOO TIARA JEWELS (No. of Shares 5100 Face Value of 1.00 Ruble Per Share)	8,856	8,856
iii) In Equity Shares of Joint Venture Company - Unquoted, fully paid at cost 'GOLDIAM HK LIMITED' (No. of Shares 3900 Face Value of 1.00 HK Dollar Per Share)	22,995	—
iv) Partnership Firm with Limited Liability (LLP) holding 95% share of profit at cost 'TEMPLE DESIGNS LLP'	8,196,796	—
Total Rs.	<u>9,472,068</u>	<u>1,252,277</u>
Aggregate Book value of all quoted Investments	—	—
Market Value of all quoted Investments	—	—
Aggregate Book value of all unquoted Investments	9,472,068	1,252,277
SCHEDULE "7"		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS :		
a) INVENTORIES		
As taken, valued & certified by the Management		
i) Stock of Consumable Stores & Spares (at cost)	939,840	1,199,951
ii) Raw Materials (at cost or net realisable value whichever is less)	236,773,913	150,464,888
iii) Finished Goods (at cost or net realisable value whichever is less)	5,282,966	6,251,971
	<u>242,996,719</u>	<u>157,916,810</u>
b) SUNDRY DEBTORS		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	26,101,464	54,041,452
Other Debts	237,827,207	218,687,595
	<u>263,928,671</u>	<u>272,729,047</u>
c) CASH AND BANK BALANCES		
Cash on Hand	355,565	1,036,781
Balance with Schedule & Unscheduled Bank in		
– Current Accounts	1,644,877	1,603,374
– Fixed Deposit with Bank	5,666,109	16,042,264
	<u>7,666,551</u>	<u>18,682,420</u>
d) LOANS AND ADVANCES		
(Advances recoverable in cash or in kind or for value to be received)		
Loans and Advances	13,400,477	16,691,842
Security & Other Deposit	666,948	679,640
	<u>14,067,425</u>	<u>17,371,482</u>
Total Rs.	<u>528,659,366</u>	<u>466,699,759</u>

Diagold Designs Limited

	As on 31.03.2010		As on 31.03.2009
	Rupees	Rupees	Rupees
SCHEDULE "8"			
CURRENT LIABILITIES AND PROVISIONS :			
a) CURRENT LIABILITIES			
Sundry Creditors :			
Sundry Creditors	168,665,328		80,620,364
Dues to Micro, Small and Medium Enterprises	752,795		591,467
		169,418,123	81,211,831
Overdrawn Balance with Punjab National Bank		38,490	648,116
Advance from Customers		834,096	499,516
		170,290,709	82,359,463
b) PROVISIONS :			
Provision for Current Tax	165,286		152,376
		165,286	152,376
Total Rs.		170,455,995	82,511,839
SCHEDULE "9"			
MISCELLANEOUS EXPENDITURE :			
(To the extent not written off or adjusted)			
Preliminary expenses	34,293		68,586
Less : 10% written off	34,293		34,293
			34,293
MISCELLANEOUS EXPENDITURE :			
(To the extent not written off or adjusted)			
Voluntary Retirement expenses	—		9,156,581
Less : written off during the year	—		1,831,316
			7,325,265
Total Rs.			7,359,558
SCHEDULES FORMING PART OF THE PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH, 2010			
	For the year		For the year
	ended 31.03.2010		ended 31.03.2009
	Rupees	Rupees	Rupees
SCHEDULE : "10"			
SALES :			
Export Turnover	469,821,787		553,815,140
Local Turnover	4,310,927		119,485
Less : VAT	42,683		1,755
		4,268,244	117,730
Local Turnover	11,113,587		—
		485,203,618	553,932,870
Total Rs.		485,203,618	553,932,870
SCHEDULE : "11"			
OTHER INCOME :			
Discount received	5,001		—
Interest on Loan	508,335		—
Rent received	200,000		—
Other Income	198,856		—
Interest on Bank FDR (T.D.S. Rs. 65,745/- Previous Year 214,428/-)	250,028		1,058,313
Dividend received	—		11,946
Dividend received on Mutual Fund	—		134,598
Sales Tax Refund	—		17,120
		1,162,220	1,221,977
Total Rs.		1,162,220	1,221,977

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		For the year ended 31.03.2010 Rupees		For the year ended 31.03.2009 Rupees
SCHEDULE : "12"				
INCREASE / (DECREASE) IN STOCK :				
Closing Stock :				
Finished Goods	5,282,966		6,251,971	
		<u>5,282,966</u>		6,251,971
Less : Opening Stock				
Finished Goods	6,251,971		13,256,588	
		<u>6,251,971</u>		13,256,588
Total Rs.		<u><u>(969,005)</u></u>		<u><u>(7,004,617)</u></u>
SCHEDULE : "13"				
RAW MATERIALS CONSUMED :				
Opening Stock of Raw Materials	150,464,888		133,437,828	
Add : Purchase of Raw Materials (includes Import Exchange Difference Loss Rs.10812951/-)	454,156,804		475,643,760	
Previous Year Gain Rs.1,09,24,586/-)	604,621,692		609,081,588	
Less : Closing Stock of Raw Materials	236,773,913		150,464,888	
		<u>367,847,779</u>		458,616,700
Total Rs.		<u><u>367,847,779</u></u>		<u><u>458,616,700</u></u>
SCHEDULE : "14"				
WAGES, SALARIES & OTHER BENEFITS :				
Wages, Salaries Ex-Gratia & Other Payments	6,490,167		13,680,972	
Contribution to E.S.I.C.	115,690		468,694	
Contribution to Provident Fund other Funds	302,187		1,186,996	
Voluntary Retirement expenses written off	7,325,265		1,831,316	
Provision / Contribution to Group Gratuity	48,337		411,640	
Staff welfare expenses	823,561		661,177	
		<u>15,105,207</u>		18,240,795
Total Rs.		<u><u>15,105,207</u></u>		<u><u>18,240,795</u></u>
SCHEDULE : "15"				
MANUFACTURING AND OTHER EXPENSES :				
Electricity Charges	2,347,077		2,275,291	
Assortment, Refining & Grooving Charges	304,321		343,365	
Repair & Maintenance (Machinery)	63,377		42,296	
Jewellery Designs	103,049		62,904	
Custom Overtime Charges	198,450		206,477	
Water Charges	79,380		83,960	
Labour Charges	5,594,173		—	
Stores & Spares Consumed	3,735,267		3,040,320	
		<u>12,425,093</u>		6,054,613
Total Rs.		<u><u>12,425,093</u></u>		<u><u>6,054,613</u></u>
SCHEDULE : "16"				
ADMINISTRATIVE & OTHER EXPENSES :				
Repairs & Maintenance	1,233,989		442,990	
Rent, Rates & Taxes	1,005,362		892,723	
Audit Fees	79,416		52,395	
Exchange Difference Others	30,260,750		35,036,618	
Legal & Professional Charges	6,692,438		8,591,855	
Office & Miscellaneous expenses	2,057,676		2,159,855	
Travelling expenses	1,840,549		3,022,876	
Selling & Distribution expenses	4,882,239		7,912,148	
Portfolio Management Fees	—		244,926	
Securities Transactions Tax	—		22,135	
		<u>48,052,419</u>		58,378,521
Total Rs.		<u><u>48,052,419</u></u>		<u><u>58,378,521</u></u>
SCHEDULE : "17"				
INTEREST & FINANCE CHARGES				
Bank Charges	5,905,512		4,294,483	
Interest on Bank Loan	13,666,605		11,347,840	
Stamp Duty	161,106		136,220	
		<u>19,733,223</u>		15,778,543
Total Rs.		<u><u>19,733,223</u></u>		<u><u>15,778,543</u></u>

Diagold Designs Limited

SCHEDULE: 18 FINANCIAL YEAR 2009-2010

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

A) BASIS OF PREPARATION OF ACCOUNTS:

The financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financial statements have been prepared under historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out in prior year.

B) USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and reported amounts of revenue and expenses for the year. Although these estimates are based upon management 's best knowledge of current events and actions, actual result could differ from these estimates.

C) FIXED ASSETS:

Tangible Fixed Assets (excluding Land & Building) are stated at cost of acquisition or construction (Net of VAT, wherever applicable). They are stated at historical cost less accumulated depreciation and Impairment loss. Land and Building has been revalued at market value as on 31.03.2007. Difference in market value and historical cost has been transferred to revaluation reserve account as on 31.03.2007.

D) DEPRECIATION:

Depreciation on Fixed Assets is provided on "Written Down Value" method and at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition to fixed assets is provided on prorata basis from the date of acquisition or installation. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the month in which the said assets is sold, discarded, demolished or scrapped.

E) IMPAIRMENT OF ASSETS:

- (i) The carrying values of assets are reviewed at each Balance Sheet date for indicators of impairment based on internal / external factors. An Impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.
- (ii) After Impairment, depreciation is provided on the revised carrying amount of the assets.
- (iii) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if no impairment loss had been recognised.

F) INVENTORIES :

- (i) Raw materials (Including work- in - progress) are valued at cost or net realisable value, whichever is lower, on first in first out basis.
- (ii) Stores and Spares are valued at cost on first in first out basis.
- (iii) Cost of finished goods comprises of direct material, conversion cost and all other cost incurred in bringing material to its present location and are valued at cost or net realisable value whichever is lower. Trading goods are valued at cost or net realisable value, whichever is lower.

G) FOREIGN CURRENCY TRANSACTIONS:

- a. Investments in foreign entity are recorded at the exchange rate prevailing on the date of investment. Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies, as at the balance sheet date, not covered by forward exchange contracts are translated at year end rates.
- b. Monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and is recognised over the life of the contract.
- c. The Company uses foreign exchange forward contracts and options to hedge its exposure to movements in foreign exchange rates. These foreign exchange forward contracts and options are not used for trading or speculation purpose. Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year. In respect of foreign currency option contracts

which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed over the period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expense for the period in which settlement or cancellation takes place. The effect of these currency option contracts outstanding at the year-end, in the form of unrealised gains/losses, is recognised

H) INVESTMENTS:

Investments that are intended to be held for more than a year, from the date of acquisition are classified Long Term Investments and are stated at cost. Provision for diminution in value of Long-Term investments is made, if the diminution value is other than temporary.

I) REVENUE RECOGNITION:

Revenues/Incomes and Cost/Expenditures are generally accounted on accrual basis as they are earned or incurred.

Sales:

Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of dates of Airway Bills. Domestic Sales are disclosed net of Value Added Tax, discounts and returns as applicable.

Dividend:

Dividend Income is recognised when the right to receive the income is established.

Interest:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

J) EMPLOYEE BENEFITS:

i) Defined Contribution Plan :

Defined Contribution plans of the company comprise of Provident Fund and Pension plans.

Employee benefits in the form of contribution to Provident Fund managed by Government authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due

ii) Defined Benefit Plan :

Retirement benefits in the form of Gratuity benefit is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation.

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of given years of service. The company makes annual contributions to group gratuity fund established by Life Insurance Corporation of India.

K) RESEARCH AND DEVELOPMENT EXPENDITURE:

Revenue expenses on Research & Development are charged to the Profit & Loss Account in the year in which these are incurred. Capital expenditure is taken as addition to the fixed assets.

L) EARNING PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

M) PROVISION FOR CURRENT AND DEFERRED TAX:

Tax expenses comprise of Current, Deferred tax and Fringe benefit taxes.

Provision for Fringe benefit tax is determined in accordance with the provisions of section 115WC of the Income Tax Act, 1961.

The Company is eligible for exemption u/s 10B of the Income Tax Act, 1961 and therefore Current Tax Provision has been made accordingly.

Deferred income tax reflects the impact of current year timing differences between taxable income / losses and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses deferred tax

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assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be setoff.

N) SEGMENT INFORMATION:

The Company has two segments i.e Jewellery Manufacturing & Investment Activity.

O) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

A Provision is created when an enterprise has a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount and it is probable that an outflow of resources will be required to settle the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, assets and related income is recognized in the financial statements of the period in which the change occurs.

P) MISCELLANEOUS EXPENDITURE:

Expenses included under the head "Miscellaneous Expenditure" are Preliminary expenses and Voluntary Retirement payments. Preliminary expenses to be written off over the period of five years in equal installments. A Voluntary Retirement Scheme was announced in the last quarter of the previous year. In accordance with transactional provision contained in Accounting Standard 15, the Company has chosen to amortize such expenses in equal quarterly installments over a period ending on 31st March, 2010. A sum of Rs.7,325,265/- has been charged to profit & loss account in the current year.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

- The Company has outstanding performance guarantee of Rs.8,993,404/- as on the Balance sheet date executed in favour of Assistant Commissioner of Customs (Previous year Rs.4,748,052/-)
- In respect of Joint Venture: No Contingent Liability.
- The company has demand in respect of Income Tax Rs. 576,924/- for the Assessment Year 2004-2005 and Rs. 515,579/- for the Assessment Year 2006-2007 (Previous Year Rs. Nil)

3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.nil. (Previous year Rs.nil.)

4. IN THE OPINION OF THE DIRECTORS:

- The Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.
- The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

5. PARTICULARS IN RESPECT OF LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

Class of Goods Manufactured	Licensed Capacity	Installed Capacity	Actual Production	
			2009-10	2008-09
Jewellery (Gms.)	N.A.	N.A.	84,194.60	114,626.42

6. JOINT VENTURE:

In compliance with the Accounting Standard relating to Financial Reporting of interest in Joint Venture' (AS-27), issued by the Institute of Chartered Accountants of India, the Company has interests in the following jointly controlled entity, which is incorporated outside India.

Name of the Company	Incorporated in	For the Period ended 30 th September, 2009	For the Period ended 30 th September, 2008
Goldiam Jewels SDN BHD	Malaysia	30.00%	30.00%
		For the Period ended 30 th September, 2009	For the Period ended 30 th September, 2008
Proportionate Reserves and Surplus as at the beginning of the year		(487,986)	(401,655)
Proportionate Transfer to Reserves		—	—
Proportionate surplus / (deficit) in Profit and Loss Account (net of transfer to reserves, dividend etc.)		(48,500)	(86,331)
Proportionate Reserves and Surplus as at the end of the year		(536,486)	(487,986)

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Name of the Company & Country of Incorporation	Percentage of Share holdings %	For the Period ended 30 th September, 2009		For the Period ended 30 th September, 2009	
		Assets Rupees	Liabilities Rupees	Income Rupees	Expenditure Rupees
Goldiam Jewels SDN BHD, Malaysia	30%	930,826	79,239	—	48,500

7. DETAILS OF RELATED PARTIES TRANSACTIONS ARE AS UNDER.

1) List of related parties and relationship

Relationship	Name of the Related Parties	
Holding Company	Goldiam International Limited	
Subsidiary	OOO Tiara Jewels	
Joint Venture / Associates	Temple Designs LLP Goldiam Jewels SDN BHD	
Enterprise over which Key Managerial Personnel has direct control	Goldiam HK Limited	
Key Management Personnel	Mr. Manhar R. Bhansali	Chairman
	Mr. Milan R. Mehta	Managing Director
	Mr. Nirav M. Mehta	Whole Time Director
	Mr. Rashesh M. Bhansali	Director
Relatives of Key Management Personnel	Mrs. Shobhana Bhansali	Wife of Mr. Manhar R. Bhansali
	Mrs. Trupti Mehta	Wife of Mr. Milan R. Mehta
	Mrs. Sweta Mehta	Wife of Mr. Nirav M. Mehta
	Mr. Nehal M. Mehta	Son of Mr. Milan R. Mehta

2) Transaction during the year with related parties:

Sr. No.	Nature of Transaction	Holding Company		Subsidiary Company		Key Management Personnel		Enterprises over which Key Management personnel having direct control	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
i)	Directors remuneration	—	—	—	—	50,000	80,000	—	—
ii)	Reimbursement made towards expenses	—	—	—	—	—	—	198,856	—
iii)	Issue of Equity Shares	51,99,090	—	—	—	4,996,680	—	—	—
iv)	Purchase of Investments	—	—	—	8,856	—	—	22,995	—
v)	Investment in Limited Liability Partnership Firm	—	—	—	—	—	—	9,500,000	—
vi)	Loans given	—	—	2,764,500	3,821,250	—	—	—	—
vii)	Interest on Loan given	—	—	508,335	—	—	—	—	—
viii)	Share of Loss from LLP	—	—	—	—	1,303,204	—	—	—
ix)	Sale of goods	11,168,377	118,909	—	—	—	45,384,785	—	—
x)	Rent received	—	—	—	—	—	—	2,00,000	—
xi)	Purchase of goods	—	—	—	—	—	—	38,873,985	58,549,728
a)	Outstanding Loan given as on 31 st March	—	—	—	—	—	—	—	—
b)	Outstanding Receivables as on 31 st March	19,319	118,909	3,272,835	3,821,250	—	—	42,945,453	—
c)	Outstanding Payables as on 31 st March	—	—	—	—	—	—	—	12,448,691

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3) Disclosure in respect of Transaction with related parties during the year

Sr. No.	Nature of Transaction	Holding Company	Subsidiary Company	Key Management Personnel								Enterprises over which Key Management Personnel have direct control		
				Goldiam International Limited	OOO Tiara Jewels	Rashesh Bhansali	Manhar Bhansali	Shobhana Bhansali	Milan Mehta	Trupti Mehta	Nirav Mehta	Sweta Mehta	Nehal Mehta	Temple Designs LLP
i)	Payments to & provisions for Directors remuneration	—	—	25,000 (40,000)	25,000 (40,000)	—	—	—	—	—	—	—	—	—
ii)	Reimbursement made towards expenses	—	—	—	—	—	—	—	—	—	—	198,856	—	—
iii)	Issue of Equity Shares	5,199,090	—	260	260	260	3,198,000	650,000	679,900	182,000	286,000	—	—	—
iv)	Purchase of Investments	—	(8,856)	—	—	—	—	—	—	—	—	—	—	22,995
v)	Investment in Limited Liability Partnership Firm	—	—	—	—	—	—	—	—	—	—	9,500,000	—	—
vi)	Loans given	—	2,764,500 (3,821,250)	—	—	—	—	—	—	—	—	—	—	—
vii)	Interest on Loan given	—	508,335	—	—	—	—	—	—	—	—	—	—	—
viii)	Share of Loss from LLP	—	—	—	—	—	—	—	—	—	—	1,303,204	—	—
ix)	Sale of goods	11,168,377 (118,909)	—	—	—	—	—	—	—	—	—	3,526,014	41,858,771	—
x)	Rent received	—	—	—	—	—	—	—	—	—	—	2,00,000	—	—
xi)	Purchase of goods	—	—	—	—	—	—	—	—	—	—	—	—	38,873,985 (58,549,728)
a)	Outstanding Loan given as on 31 st March	—	—	—	—	—	—	—	—	—	—	—	—	—
b)	Outstanding Payables as on 31 st March	—	—	—	—	—	—	—	—	—	—	—	—	(12,448,691)
c)	Outstanding Receivables as on 31 st March	—	—	19,319 (118,909)	3,272,835 (3,821,250)	—	—	—	—	—	—	3,491,171	39,454,282	—

8. Cash and bank balances :

Balances with non scheduled banks in Current Accounts and EEFC account :

	Closing Balance (Rs.)		Maximum Balance (Rs.)	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
ABN Amro Bank N. V. Current Account	—	7,731,120	—	—
Barclays Bank Plc Current Account	4,430	435,114	13,806,390	13,550,513
Barclays Bank Plc (EEFC) Account	—	3,254	3,178,149	12,592,803
The Bank of Nova Scotia Current Account	1,215,385	1,014,170	3,702,400	14,116,227

9. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES :

	31.3.2010	31.3.2009
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	752,795	591,467
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	—	—
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	—	—
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	—	—
(v) The amount of further interest remaining of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are a deductible expenditure under, Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	—	—

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10. MANAGERIAL REMUNERATION :

The Profit and Loss Account includes payments and provisions on account of the Managing Director and Whole-time Directors as under:

PARTICULARS		MANAGING DIRECTOR	WHOLE-TIME DIRECTOR	OTHER DIRECTORS	TOTAL 31.3.2010	TOTAL 31.3.2009
i)	Salaries	—	—	—	—	—
ii)	Commission	—	—	—	—	—
iii)	Directors Sitting Fees	—	—	50,000	50,000	80,000
		—	—	50,000	50,000	80,000

11. EARNING PER SHARE :

Profit/(Loss) after Tax	31.3.2010	31.3.2009
	(20,885,876)	(23,083,844)
Weighted Avg. no. of shares + potential shares outstanding	3,954,179	3,921,500
Earning per share (Basic)	(5.22)	(5.89)
Earning per share (Diluted)	(5.28)	(5.89)

12. EMPLOYEE BENEFIT :

GRATUITY:

The Company has provided Gratuity and liable to the employee for the benefit equivalent to 15 days / 26 days salary last drawn for each completed year of service depending on the date of joining. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service.

Assumptions

Gratuity Funded 31.03.2010 (Rs.)	Gratuity Funded 31.03.2009 (Rs.)
-------------------------------------	-------------------------------------

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Obligation at period beginning	406,116	2,728,000
Current service cost	100,864	73,000
Interest cost	29,582	130,000
Actuarial (gain) / loss	(46,443)	(781,000)
Benefits paid	(72,692)	—
Obligation at period end 2010	417,427	2,150,000

Change in Plan assets

Plan assets at period beginning, at fair value	—	(2,728,000)
Expected return on plan assets	16,252	—
Actuarial (gain) / loss	19,413	782,000
Contribution	478,989	1,743,000
Benefits paid	(72,692)	73,000
Plan assets at period end 2010, at fair value	441,962	(130,000)

Reconciliation of present value of the obligation and the fair value of plan assets

Fair value of plan assets at the end of the period	441,962	(130,000)
Present value of the defined benefit obligation at the end of the period	(417,427)	2,150,000
Assets / (Liability) recognised in the balance sheet	24,535	(2,280,000)

Expenses for the year

Current service cost	100,864	73,000
Interest cost on benefit obligation	29,582	130,000
Expected return on plan assets	16,252	—
Net actuarial (gain)/loss recognised in the year	48,337	(781,000)
Actual return on plan assets		
Estimated contribution to be made in next annual year		

Assumptions

Gratuity 31st March 2010

Discount Rate	8%
Employee Turnover	4%
Mortality	—

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

Amounts Benefit Plan

- (i) Defined Benefit Plan: Gratuity includes gratuity cost of Rs. 411,640/- (2008: Rs.539,071/-).
- (ii) Contributions: Contribution to Provident Fund is Rs.1,186,996/- (2008: Rs. 1,601,777/-), ESIC and Labour Welfare Fund includes Rs. 482,140/- (2008: Rs.640,225/-).

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13 PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK: QUANTITATIVE DETAILS FOR THE YEAR ENDED ON THE 31 ST MARCH, 2010												
PARTICULARS	UNITS	OPENING STOCK		PURCHASE		SALES		CLOSING STOCK				
		QTY	VALUE (Rs.)	QTY	VALUE (Rs.)	QTY	VALUE (Rs.)	QTY	VALUE (Rs.)			
A RAW MATERIALS :												
GOLD	Gms	13,389.09 (17,985.01)	18,710,439 (21,857,718)	80,312.58 (102,034.62)	125,651,878 (129,417,655)	—	—	15,026.98 (13,389.09)	24,120,196 (18,710,439)			
GOLD FINDINGS	Gms	892.75 (280.87)	1,344,741 (348,798)	390.39 (1,806.05)	799,975 (2,630,322)	—	—	285.52 (892.75)	485,215 (1,344,741)			
SILVER	Gms	2,638.06 (2,894.60)	52,761 (66,007)	17,612.59 (1,457.16)	1,289,755 (21,688)	—	—	19,559.10 (2,638.06)	1,301,484 (52,761)			
SILVER FINDINGS	Gms	—	—	59.50	5,910	—	—	59.50	5,910			
SILVER MASTER	Gms	—	—	72,504.33	45,262,648	—	—	72,504.33	45,262,648			
CUT & POLISHED DIAMONDS	Crts											
DIAMONDS	Crts	8,333.29 (8,189.58)	127,064,723 (109,348,580)	24420.97 (28,341.93)	277,555,272 (341,537,773)	—	—	10,177.20 (8,333.29)	160,365,630 (127,064,723)			
ALLOY	Gms	58,599.54 (66,070.20)	549,856 (365,110)	87,711.00 (92,000.00)	603,067 (674,443)	—	—	53,610.66 (58,599.54)	510,405 (549,856)			
MOUNTING	Gms	1,274.09 (961.47)	1,844,000 (1,279,175)	(312.62)	(564,825)	—	—	962.62 (1,274.09)	1,279,175 (1,844,000)			
COLOUR STONE	Crts	1,085.73 (367.58)	898,368 (172,440)	2,626.98 (876.24)	679,921 (797,054)	—	—	3,501.93 (1,085.73)	1,463,275 (898,368)			
PLATINUM	Gms	—	—	273.20	569,708	—	—	139.70	248,135			
TOTAL (Previous year)		(—)	150,464,888 (133,437,828)	—	452,418,133 (475,643,760)	(—)	(—)	—	235,042,073 (150,464,888)			
B FINISHED GOODS	INGms											
FINISHED GOODS	INGms	1381.35 (2,845.86)	6,251,971 (13,256,588)	—	—	85,428.37 (116,090.94)	485,203,618 (553,932,870)	147.58 (1,381.35)	1,219,073 (6,251,971)			
TOTAL (Previous year)		1381.35 (2,845.86)	6,251,971 (13,256,588)	—	—	85,428.37 (116,090.94)	485,203,618 (553,932,870)	147.58 (1,381.35)	1,219,073 (6,251,971)			
TRADING DIVISION :												
PARTICULARS	UNITS	OPENING STOCK		PURCHASE		SALES		CLOSING STOCK				
		QTY	VALUE (Rs.)	QTY	VALUE (Rs.)	QTY	VALUE (Rs.)	QTY	VALUE (Rs.)			
A RAW MATERIALS :												
GOLD	Gms	—	—	1,000.00	1,513,000	193.61 (—)	292,924 (—)	806.40 (—)	1,220,076 (—)			
GOLD FINDINGS	Gms	—	—	—	225,671	4.01 (—)	6,831 (—)	312.998 (—)	511,764 (—)			
TOTAL (Previous year)		—	—	—	1,738,671	—	299,755 (—)	—	1,731,840 (—)			
B FINISHED GOODS	Crts											
CUT & POLISHED DIAMONDS	Crts	—	—	3876.11 (—)	37,873,055 (—)	3,506 (—)	33,809,162 (—)	370.06 (—)	4,063,893 (—)			
TOTAL (Previous year)		—	—	—	37,873,055 (—)	—	33,809,162 (—)	—	4,063,893 (—)			

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14. DETAILS OF RAW MATERIAL CONSUMED:

		Quantity	Value (In Rupees)
JEWELLERY :			
Gold	Gms	78674.69	120,242,121
		(106630.54)	(132,564,934)
Gold Findings	Gms	997.63	1659501
		(11941.17)	(1,634,379)
Silver	Gms	691.55	41,032
		(1713.70)	(34,934)
Cut & Polished Diamonds	Cts	22577.07	244,254,365
		(28198.22)	(323,821,630)
Alloys	Gms	92699.88	642,518
		(99470.66)	(489,697)
Mounting	Gms	311.46	564,825
		—	—
Colour Stone	Cts	210.79	115,013.50
		(158.09)	(71,126)

15. VALUE OF IMPORTS ON C.I.F. BASIS :

	2009-10	2008-09
	Rupees	Rupees
1. Raw Material	245,150,197	222,141,795
2. Consumable Stores	1,630,464	995,341
3. Capital Goods	—	—
4. Other Expenditures	335,350	932,612

16. EARNINGS IN FOREIGN EXCHANGE:

	2009-10	2008-09
	Rupees	Rupees
F.O.B.Value of Exports	476,041,350	595,518,044

17. Value of imported raw materials consumed and the value of all indigenous raw materials similarly consumed and the percentage of each to the total consumption.

Particulars	Amount in Rupees		Percentage	
	2009-10	2008-09	2009-10	2008-09
1 Raw Materials				
A) Imported	180,547,580	161,540,252	49.08%	35.22%
B) Indigenous	187,300,199	297,076,448	50.92%	64.78%
2 Consumable Stores & Spares				
A) Imported	1,783,400	1,436,501	47.74%	47.25%
B) Indigenous	1,951,867	1,603,819	52.26%	52.75%

18. Information given in accordance with the requirements of AS 17 on "Segment Reporting".

The Company has identified Two Reportable Segments viz. Jewellery Manufacturing and Investment Activity. Segments have been identified and reported taking into account nature of products and services, the different risks and returns and the internal business reporting systems.

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment Assets and Segment Liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

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(i) Primary Segment Information:

	Year to 31.03.2010			
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	TOTAL
Segment Revenue	485,611,953	758,363	—	486,370,316
Segment Results	(629,060)	758,363	—	129,303
Less: unallocated expenses net of unallocated (income)	—	—	—	—
	—	—	1,364,136	1,364,136
Interest expenses (Net)	19,733,223	—	—	19,733,223
Profit before tax	—	—	—	(20,968,056)
Depreciation and Amortization	3,998,403	—	—	3,998,403
Non cash expenses other than Depreciation and Amortization	—	—	—	—
Segment Assets	610,441,896	3,272,835	3,736,622	617,451,352
Segment Liabilities (excluding Shareholders' Funds)	366,259,759	—	203,777	366,463,536

	Year to 31.03.2009			
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	TOTAL
Segment Revenue	553,932,870	(9,745,144)	17,120	544,204,846
Segment Results	659,545	(10,024,202)	17,120	(9,347,537)
Less: unallocated expenses net of unallocated (income)	—	—	—	—
	—	—	962,841	962,841
Interest expenses (Net)	15,778,543	—	—	15,778,543
Profit before tax	—	—	—	(26,088,921)
Depreciation and Amortization	4,354,367	—	—	4,354,367
Non cash expenses other than Depreciation and Amortization	—	—	—	—
Segment Assets	527,833,184	16,042,264	11,028,169	554,903,617
Segment Liabilities (excluding Shareholders' Funds)	292,425,202	—	800,492	293,225,694

The Company has identified Geographic Segments as its Secondary Segment

Secondary segmental reporting is based on the geographical location of the customers. The geographical segments have been disclosed on revenues within India (Sales to Customers in India) and revenues outside India (Sales to Customers outside India).

(ii) Secondary Segment Information :

PARTICULARS	31.03.2010 Rupees	31.03.2009 Rupees
1. Segment Revenue :		
Within India	15,381,831	117,730
Exports Outside India	470,230,122	553,815,140
Total Revenue	<u>485,611,953</u>	<u>553,932,870</u>
2. Segment Assets :	As at 31.03.2010	As at 31.03.2009
Within India	4,240,065	118,909
Exports Outside India	606,201,831	527,714,275
Total Assets	<u>610,441,896</u>	<u>527,833,184</u>
3. Segment Liabilities :	As at 31.03.2010	As at 31.03.2009
Within India	—	—
Exports Outside India	366,259,759	292,425,202
Total Assets	<u>366,259,759</u>	<u>292,425,202</u>

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19. FINANCIAL INSTRUMENTS / FORWARD CONTRACTS :

The Company has entered into following forward / derivative instruments:

- a) The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flow denominated in foreign currency. The company limits the effects of foreign exchange rate fluctuations by following established risk management policies including use of derivatives. The Company enters into forward and option contracts, where the counterparty is a Bank. The Forward Contract or options are not used for trading or speculative purpose.
- b) Outstanding Forward Contract for hedging currency risk (Net) entered into by the company US\$ 1.18 million (Previous years US\$ 2.95 equivalent to rupees 5.63 Crores (Previous year Rs. 12.48 Crores).
- c) In accordance with the principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 read with Schedule VI of the Companies Act, 1956 the Company has recognised Rs. 2.92 Crores (Previous year 3.57 Crores) and charged the amount to profit and loss account in respect of derivative contracts as at 31st March, 2010.

Unhedged Foreign Currency Exposure :	2009-2010	2008-2009
Outstanding Receivables	US\$ in million 4.995	2.91
Outstanding Payable for Foreign		
Outward Bill Discount Account with Bank	US\$ in million 0.69	1.39
Outstanding Payable for Packing Credit		
Loan in Foreign Currency	US\$ in million 1.59	—
Outstanding Creditors for goods and Spares	US\$ in million 3.09	1.54
Exchange Earner's Foreign Currency a/c with Banks	US\$ in million 0.004	0.00
20. The Deferred Tax Liability comprise of the following	2009-2010	2008-2009
Deferred Tax Liability related to Fixed Assets	47,369	180,537
Deferred Tax Assets related to Carried Forward of Loss	—	1123652
Deferred Tax Assets related to Defined benefits, Voluntary Retirement Expenses & Leave Salary	1783546	85340
21. Remuneration to Auditors:		
Particulars	2009-2010	2008-2009
As Auditors	49,635	35,296
Taxation	7,030	3,309
Tax Audit Fees	9,515	5,515
Others	13,236	8,275
Total Rs.	79,416	52,395

22. DISCLOSURE IN RESPECT OF LOANS AND ADVANCES IN THE NATURE OF LOANS :

	As at 31.03.2010 Outstanding Balance	As at 31.03.2010 Maximum Balance during the Year	As at 31.03.2009 Outstanding Balance	As at 31.03.2009 Maximum Balance during the Year
Loans and Advances in the nature of loans given to Associates.				
(i) Loans to Associates	—	—	—	—
(ii) Loans to Subsidiary	3,272,835	3,272,835	3,821,250	3,821,250

23. Sales include Exchange Loss of Rs. 11,326,813/- (Previous Year Exchange Loss of Rs. 42,900,610/-)

24. A Voluntary Retirement Scheme was announced in the last quarter of the previous year. Total payments made pursuant to the scheme aggregates to Rs.9,356,581/-. In accordance with transactional provision contained in Accounting Standard 15, the Company has chosen to amortize such expenses in equal quarterly installments over a period ending on 31st March, 2010. A sum of Rs.7,325,265/- (Previous year Rs. 18,313,161/-) has been charged to profit & loss account in the current year

25. Previous Year figures have been rearranged or re-grouped, wherever necessary.

As per our report of even date

For Pulindra Patel & Co.
Chartered Accountants

Pulindra Patel
Proprietor
Membership No. 048991
Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Milan R. Mehta
Managing Director

Place : Mumbai
Date : 28th May, 2010

Nirav M. Mehta
Director

Diagold Designs Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

1. REGISTRATION DETAILS

1. Registration Details :

Registration No.

1 2 9 1 7 6

State Code 1 1

Balance Sheet Date

3 1 0 3 2 0 1 0

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

7 8 4 . 2 9

Preferential Issue

N I L

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

4 4 6 9 9 5 . 3 6

Total Assets

4 4 6 9 9 5 . 3 6

SOURCES OF FUNDS

Paid-up Capital

3 9 9 9 9 . 2 9

Reserves & Surplus

2 1 0 9 8 8 . 5 3

Secured Loans

1 9 6 0 0 7 . 5 4

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

7 7 5 8 3 . 7 4

Investments

9 4 7 2 . 0 7

Deferred Tax Assets

1 7 3 6 . 1 8

Misc. Expenditure

N I L

Net Current Assets

3 5 8 2 0 3 . 3 7

Accumulated losses

N I L

4. Performance of Company (Amount in Rs. Thousands)

Turnover / Income

4 8 5 2 0 3 . 6 2

Total Expenditure

5 0 6 1 7 4 . 9 8

Profit before tax

(2 0 9 7 1 . 3 6)

Profit after Tax

(2 0 8 8 5 . 8 8)

Earning Per Share in Rs.

(5 . 2 2)

Dividend Rate %

-

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS

a) Item Code No. (ITC Code) : 7 1 1 3 . 1 9

Jewellery

b) Item Code: N I L

c) Item Code : N I L

For and on behalf of the Board

Milan R. Mehta
Managing Director

Nirav M. Mehta
Director

Place : Mumbai
Date : 19th May, 2010

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STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

Name of the subsidiary company	:	OOO Tiara Jewels
The financial year of the subsidiary ending on	:	31 st March, 2010
a) Number of shares in the subsidiary company held by Diagold Designs Limited	:	5100 EQUITY SHARES of 1.00 Ruble each.
b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company.	:	51.00%

The net aggregate of profits less losses of the subsidiary company so far as it concerns membership of Diagold Designs Limited

1) Not dealt with in the account of Diagold Designs Limited amounted to	
a) for the subsidiary's financial year (Amount in Rupees)	186,225
b) for the previous financial year of the subsidiary since it became subsidiary (Amount in Rupees)	(46,712)
2) Dealt with in the account of Diagold Designs Limited amounted to :	
a) for the subsidiary's financial year (Amount in Rupees)	Nil
b) for previous financial year of the subsidiary since it become subsidiary (Amount in Rupees)	Nil

For and on behalf of the Board of Directors

Milan R. Mehta
Managing Director

Nirav M. Mehta
Director

Place : Mumbai
Date : 28th May, 2010

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Sixth Annual Report on the affairs of the Company together with the Annual Accounts for the year ended on 31st March, 2010.

FINANCIAL RESULTS:

The Sales for the year amounted to Rs.115,100,864/- of which export sales amounted to Rs. 67,121,833/- and Local Sales amounted to Rs.47,979,031/- as compared to Rs.102,985,326/- for the previous year registering a growth of 11.76% in the market recovering from recession. The Company earned other income of Rs.30,633/- as compared to Rs.21,722/- for the previous year. The Company incurred net loss of Rs.2,763,734/- after providing Rs.1,529,083/- towards Depreciation, Rs.1,164,250/- towards preliminary expenses, Rs.425,849/- towards Deferred Tax Liability, as compared to a net profit of Rs.1,310,604/- for the previous year. The Company incurred the loss due to increase in cost of materials by 12.53% and manufacturing and other expenses by 47.92%.

DEPOSITS:

The Company has not received any deposit from the public during the year ended 31st March, 2010. There are no unclaimed or unpaid deposits as on 31st March, 2010.

DIVIDEND:

In order to conserve the resources for working capital requirements, the Board has decided not to recommend any dividend looking at the fund requirement for the business.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had 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 fraud and other irregularities;

- (iv) That the directors had prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

AUDITORS:

M/s Vijay J. Shah & Associates, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and being eligible have consented to their re-appointment and have furnished their eligibility certificate as required under Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

DIRECTORS:

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rashesh M. Bhansali, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. Your directors recommend his re-appointment.

(A) CONSERVATION OF ENERGY, (B) TECHNOLOGY ABSORPTION, (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 the information is furnished herein below:

A. CONSERVATION OF ENERGY:

As the Gems & Jewellery Industry is not covered by the Schedule prescribed by the said Rules, disclosure of particulars on conservation of energy is not applicable to the Company.

B. TECHNOLOGY ABSORPTION:

The particulars regarding absorption of technology are annexed in the prescribed Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(In Rupees)	
	2009-2010	2008-2009
Total Foreign Exchange Received:	71,659,476	89,532,881
Total Foreign Exchange used		
i) Raw Materials	4,835,904	6,036,205
ii) Consumable Stores	452,838	204,017
iii) Capital Goods	—	—

PARTICULARS OF EMPLOYEES:

None of the employees has received remuneration/ salary exceeding the limit as stated in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Amendment) Act, 1988.

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ACKNOWLEDGEMENTS;

Your Directors take this opportunity to place on record their appreciation and sincere gratitude to Government of India, Government of Maharashtra and the Bankers to the Company for their valuable support, and look forward to their continued co-operation in the years to come.

Your Directors acknowledge the support and co-operation received from the employees and all those who have helped in the day-to-day management.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 24th May, 2010

MANHAR R. BHANSALI
CHAIRMAN

ANNEXURES FORMING PART OF THE DIRECTORS' REPORT

ANNEXURE – I

FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R & D), as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Research & Development:

1. Specific areas in which R&D is carried out by the Company

The Company is always looking at newer technologies to manufacture diamond studded gold jewellery, fusion between lost wax casting + process+ stamping + Jewellery.

2. Benefits derived as a result of the above R & D

This R & D has enabled the Company to achieve higher volumes of sales and will enable the Company to reduce the cost of manufacturing Jewellery and thereby increase the revenue and profitability.

3. Future Plans of Action

The Company intends to continue the research in its pursuit for bringing attractively priced, finer quality products to the customers.

4. Expenditure on R & D

R&D is a continuous process and the expenditure is not specifically earmarked for the same and is debited to the general manufacturing expenses:

Capital, Recurring,	NIL
Total R & D Expenditure as % to total turnover:	N.A

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards absorption, adaptation and innovation:

With the introduction of Invisible setting in diamond and studded jewellery and princess cut diamond grooving machinery, the Company has enhanced its export potential and value addition.

2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.

The benefit is being reflected in the areas of competitiveness and higher turnover.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- | | |
|---------------------------------|------------------------|
| a) Technology imported |) The Company has |
| |) not imported any |
| b) Year of import |) technology since its |
| |) inception. |
| c) Has Technology been |) |
| fully absorbed and |) |
| d) if it is not fully absorbed, |) |
| areas where this has |) |
| not taken place, reasons |) |
| therefore and future |) |
| plans of action. |) |

COMPLIANCE CERTIFICATE

To
The Members
GOLDIAM JEWELS LIMITED

We have examined the registers, records, books and papers of **GOLDIAM JEWELS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, we certify that in respect of the aforesaid financial period:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 6 times on 19th May, 2009; 22nd July, 2009; 12th October, 2009; 21st November, 2009, 18th January, 2010 and 20th March, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members, and/or debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2009 was held on 29th July, 2009 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors and/or persons or firms or Companies referred in the section 295 of the Act
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or the Central Government as the case may be.
12. The company has not issued any duplicate share certificate during the financial year.
13. (i) There was no allotment/ transfer/transmission or any other purpose in accordance with the provisions of the Act;
(ii) The Company has not deposited any amount in separate bank account as no dividend including interim dividend was declared during the financial year;
(iii) The Company has not posted warrants for dividends to any members of the Company as no dividend was declared during the financial year;
(iv) The Company has not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as this being the Fifth Year of Incorporation.
(v) The Company has duly complied with the requirements of section 217 of the Act
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any managing director/whole-time director/ manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.

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- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>24. The Company has not made any borrowings during the financial year ended 31st March, 2010.</p> <p>25. The Company has not made any loans or advances or given guarantees or provided Securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.</p> <p>26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.</p> <p>27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.</p> <p>28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.</p> <p>29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.</p> | <p>30. The Company has not altered its Articles of Association after during the financial year.</p> <p>31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.</p> <p>32. The Company has not received any money as security from its employees during the financial year.</p> <p>33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
- For R. N. SHAH & ASSOCIATES
COMPANY SECRETARIES
- (RAJNIKANT N. SHAH)**
Proprietor
C. P. No. 700
- Place: Mumbai
Date: 24th May, 2010

Annexure A

Registers as maintained by GOLDIAM JEWELS LIMITED:

1. Board Minutes Book u/s. 193.
2. Members Minutes Book u/s. 193.
3. Attendance Register.
4. Application for and Allotment of Shares u/s. 72.
5. Register of Members u/s. 150.
6. Register of Share Transfers u/s. 108.
7. Register of Directors, Managing Directors u/s. 303.
8. Register of Directors' Shareholdings u/s. 307.
9. Register of Contracts u/s. 301.
10. Register of Companies and Firms in which Directors are interested u/s. 301(3).
11. Register of Charge u/s. 143.

Annexure B

Forms and Returns as filed by GOLDIAM JEWELS LIMITED with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2010: -

1. Form 20B together with Annual Return dated 29/07/2009 filed u/s. 159 on 10/08/2009.
2. Form 23AC and 23ACA together with Balance Sheet as on 31/03/2009 and Profit and Loss Account for the year ended on that date filed u/s. 220 on 10/08/2009.
3. Form 66 along with Compliance Certificate for the financial year ended 31/03/2009 filed u/s. 383A on 31.07.2009.
4. Form 18 dated 20/03/2010 filed u/s. 146 for shifting of Registered Address of the Company within the same state and Registered by Registrar of Companies, Maharashtra on 22/03/2010.

AUDITORS' REPORTS

TO THE MEMBERS OF GOLDIAM JEWELS LIMITED

We have audited the attached Balance Sheet of GOLDIAM JEWELS LIMITED as at 31st March, 2010. 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.

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 misstatement. 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b) In our opinion, proper books of accounts 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 dealt with by this report is in agreement with the books of account.
- d) In our opinion, and based on information and explanation given to us, the Balance Sheet dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) In our opinion, and based on information and explanations given to us, none of the directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.

For Vijay J Shah & Associates
Chartered Accountants

Vijay J Shah
Proprietor

Place : Mumbai
Date : 24th May, 2010.

ANNEXURE TO AUDITORS' REPORT

(Referred to in 3rd paragraph of our report of even date)

1. (a) Some of the Fixed Assets are purchased during the year. The company has maintained records of Fixed Assets.
(b) During the year one vehicle is disposed off, against that new vehicle has been purchased.
2. As explained to us, the management has conducted physical verification of inventory at reasonable intervals.
3. According to the information and explanation given to us, the company has not granted/taken any loans, secured or unsecured to/from companies, firm or other parties covered in the register maintained under section 301 of the companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of business. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) In our opinion and according to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered in to the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, in respect of certain transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five Lakhs entered into during the financial year, because of the unique and specialised nature of the items involved and absence of any comparable prices, we are unable to comment whether the transaction were made at prevailing market price at the relevant time.
6. The Company has not accepted any deposit from the public.
7. Internal audit requirement is not applicable to the company.
8. We have been informed that the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
9. According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other undisputed statutory dues were outstanding, at the year end for a period of more than six months from the date they become payable.
10. Being the fourth year of commercial production the Company has accumulated losses of earlier year at the end of the financial year. Due to unfavorable condition in the overseas market during the year the company has suffered a loss. In our opinion and explanation given to us the prospects of company are very good and there are fair amount of chance to wipe out the losses in forthcoming years.
11. Based on our audit procedure and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowing from financial institutions or by way of debentures.
12. According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledges of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
14. In respect of investments, in our opinion and according to the information and explanation given to us, proper records have been maintained, timely entries have been made therein. Investments have been held by the Company in its own name. The Company has not undertaken any dealing/trading in shares and debentures.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its subsidiaries and associates from banks or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. We have been informed by the management that the funds raised on short-term basis have not been used for long-term investment and vice-versa.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Vijay J Shah & Associates
Chartered Accountants

Vijay J Shah
Proprietor

Place : Mumbai
Date : 24th May, 2010.

Goldiam Jewels Limited

BALANCE SHEET AS ON 31ST MARCH, 2010

	Schedule No.	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
I) SOURCES OF FUNDS :				
1) SHAREHOLDERS FUNDS :				
a) SHARE CAPITAL	1	30,000,000		30,000,000
b) RESERVES AND SURPLUS	2	32,320,000		32,320,000
			62,320,000	62,320,000
2) SECURED LOAN	3		268,861	—
TOTAL Rs.			62,588,861	62,320,000
II) APPLICATION OF FUNDS :				
1) FIXED ASSETS				
GROSS BLOCK	4	33,335,474		33,020,863
LESS: DEPRECIATION		6,052,036		4,604,042
NET BLOCK			27,283,438	28,416,821
CAPITAL WORK IN PROGRESS			—	—
2) DEFERRED TAX ASSET			240,914	666,763
3) CURRENT ASSETS, LOANS AND ADVANCES				
a) INVENTORIES		22,222,010		10,956,018
b) SUNDRY DEBTORS		40,972,192		69,226,935
c) CASH AND BANK BALANCES		3,695,977		3,170,501
d) LOANS AND ADVANCES		3,292,423		2,515,754
		70,182,601		85,869,208
4) LESS: CURRENT LIABILITIES AND PROVISIONS				
1) CURRENT LIABILITIES	6	43,802,746		59,721,923
2) PROVISIONS		26,603		22,641
		43,829,349		59,744,564
NET CURRENT ASSETS			26,353,253	26,124,644
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			1,164,250	2,328,500
PROFIT & LOSS ACCOUNT			7,547,006	4,783,272
TOTAL Rs.			62,588,861	62,320,000
NOTES ON ACCOUNTS	11			

Schedules referred to above form an integral part of Balance Sheet
As per our report of even date.

For Vijay J Shah & Associates
Chartered Accountants

For and on behalf of the Board

Vijay J Shah
Proprietor

Rashesh M. Bhansali
Managing Director

Ashish Karnavat
Director

Place : Mumbai
Date : 24th May, 2010

Place : Mumbai
Date : 24th May, 2010

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
I) INCOME :			
SALES			
A) EXPORTS		67,121,833	102,985,326
B) LOCAL		47,979,031	—
		115,100,864	102,985,326
OTHER INCOME	7	30,633	21,722
TOTAL Rs.		115,131,497	103,007,048
II) EXPENDITURE :			
RAW MATERIALS CONSUMED	8	97,282,929	86,448,750
MANUFACTURING AND OTHER EXPENSES	9	16,944,668	11,455,478
INTEREST & FINANCE CHARGES	10	378,959	418,911
DEPRECIATION	4	1,529,083	1,617,773
PRELIMINARY EXPENSES WRITTEN OFF		1,164,250	1,164,250
LOSS ON SALE OF ASSETS		169,494	—
TOTAL Rs.		117,469,382	101,105,162
III) PROFIT :			
PROFIT BEFORE TAXATION		(2,337,885)	1,901,887
SHORT/EXCESS PROVISION FOR TAXATION WRITTEN OFF		—	—
PROVISION FOR TAXATION		—	—
PROVISION FOR FRINGE BENEFIT TAX		—	38,549
PROVISION FOR DEFERRED TAX		425,849	552,734
PROFIT AFTER TAXATION		(2,763,734)	1,310,604
BALANCE BROUGHT FORWARD		(4,783,272)	(6,093,876)
PROFIT AVAILABLE FOR APPROPRIATION		(7,547,006)	(4,783,272)
BALANCE CARRIED FORWARD TO BALANCE SHEET		(7,547,006)	(4,783,272)
TOTAL Rs.		(7,547,006)	(4,783,272)
NOTES ON ACCOUNTS	11		

Schedules referred to above form an integral part of Profit & Loss Account
As per our report of even date.

For Vijay J Shah & Associates
Chartered Accountants

For and on behalf of the Board

Vijay J Shah
Proprietor

Rashesh M. Bhansali
Managing Director

Ashish Karnavat
Director

Place : Mumbai
Date : 24th May, 2010

Place : Mumbai
Date : 24th May, 2010

Goldiam Jewels Limited

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees	2009-10 Rupees	2008-09 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES :			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		(2,337,885)	1,901,887
ADJUSTMENT FOR :			
Depreciation (Schedule 4)	1,529,083		1,617,773
Interest	358,329		405,880
Preoperative expenses	—		—
Miscellaneous expenditure written off	1,164,250		1,164,250
(Short)/Excess Provision for taxation written off	—		—
		<u>3,051,662</u>	<u>3,187,903</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		713,777	5,089,790
ADJUSTMENT FOR :			
Trade and other Receivable	27,478,074		(16,044,354)
Inventories	(11,265,992)		(291,363)
Trade Payable	(15,915,215)		11,614,331
		<u>296,868</u>	<u>(4,721,386)</u>
CASH GENERATED FROM OPERATIONS		1,010,645	368,404
Interest Paid	(378,959)		(418,911)
Direct Tax Paid	—		(34,943)
		<u>(378,959)</u>	<u>(453,854)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS		631,686	(85,450)
NET CASH FROM OPERATING ACTIVITIES		631,686	(85,450)
B) CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(662,972)		(164,257)
Sale of Fixed Assets	267,272		—
Purchase of Investments	—		—
Sale of Investments	—		—
Interest Received	20,630		13,031
Dividend	—		—
		<u>(375,071)</u>	<u>(151,226)</u>
NET CASH USED IN INVESTING ACTIVITIES		(375,071)	(151,226)
C) CASH FLOW FROM FINANCING ACTIVITIES :			
Repayment of Long Term Borrowing	268,861		—
		<u>268,861</u>	<u>—</u>
NET CASH USED IN FINANCING ACTIVITIES		268,861	—
NET INCREASE IN CASH AND CASH EQUIVALENTS		525,476	(236,676)
CASH AND CASH EQUIVALENTS AS AT 01.04.2009		3,170,501	3,407,177
CASH AND CASH EQUIVALENTS AS AT 31.03.2010		3,695,977	3,170,501

As per our report of even date.

For Vijay J Shah & Associates
Chartered Accountants

For and on behalf of the Board

Vijay J Shah
Proprietor

Rashesh M. Bhansali
Managing Director

Ashish Karnavat
Director

Place : Mumbai
Date : 24th May, 2010

Place : Mumbai
Date : 24th May, 2010

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	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE "1"			
SHARE CAPITAL :			
AUTHORISED CAPITAL			
3000000 Equity Shares of Rs. 10/- each		30,000,000	30,000,000
		<u>30,000,000</u>	<u>30,000,000</u>
Issued Capital			
3000000 Equity Shares of Rs.10/-each		30,000,000	30,000,000
		<u>30,000,000</u>	<u>30,000,000</u>
Subscribed and Paid up Capital			
3000000 Equity Shares of Rs.10/-each		30,000,000	30,000,000
Out of which 15,16,500 Equity Shares are held by holding company Goldiam International Limited			
TOTAL Rs.		<u>30,000,000</u>	<u>30,000,000</u>
SCHEDULE "2"			
RESERVES AND SURPLUS			
1. Security Premium			
Opening Balance	32,320,000		32,320,000
Add: Received during the year	<u>—</u>		<u>—</u>
		<u>32,320,000</u>	<u>32,320,000</u>
TOTAL Rs.		<u>32,320,000</u>	<u>32,320,000</u>
SCHEDULE "3"			
SECURED LOAN			
Car Loan		268,861.00	—
(Secured against the mortgage of Car)			
		<u>268,861.00</u>	<u>—</u>
SCHEDULE "5"			
CURRENT ASSETS, LOANS AND ADVANCES			
I) CURRENT ASSETS :			
a) INVENTORIES :			
As taken, valued & certified by the Management			
Stock of Consumable Stores & Spare parts (at cost)	306,780		199,810
Raw Materials (at cost or net realisable value whichever is less)	<u>21,915,230</u>		<u>10,756,208</u>
TOTAL Rs.		22,222,010	10,956,018
b) SUNDRY DEBTORS :			
(Unsecured)			
Outstanding for a period exceeding six months	14,848,921		8,758,668
— Considered good less than six months	<u>26,123,270</u>		<u>60,468,267</u>
— Considered doubtful	<u>—</u>		<u>—</u>
Other Debts			
— Considered good	<u>—</u>		<u>—</u>
— Considered doubtful	<u>—</u>		<u>—</u>
TOTAL Rs.		40,972,192	69,226,935
c) CASH AND BANK BALANCES :			
Cash on Hand	2,837,840		2,302,777
Balance with Schedule Banks in			
— Current Account	100,025		58,920
— EEFC Account	<u>532,818</u>		<u>595,217</u>
— Fixed Deposit with Banks	<u>225,294</u>		<u>213,588</u>
TOTAL Rs.		3,695,977	3,170,501
II) LOANS AND ADVANCES :			
(Advances recoverable in cash or in kind or for value to be received)			
Loans and Advances	2,949,783		2,159,499
Security & Other Deposits	<u>342,640</u>		<u>356,255</u>
TOTAL Rs.		3,292,423	2,515,754
TOTAL Rs.		70,182,601	85,869,208

Goldiam Jewels Limited

SCHEDULE "4"												
FIXED ASSETS :												
(Amount in Rupees)												
Sr. No.	Description	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK			
			Cost as on 01.04.2009	Addition	Deduction	Cost as on 31.03.2010	As on 01.04.2009	For the Year	Deduction	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	FACTORY BUILDING	3.34%	4,743,921	—	—	4,743,921	422,712	143,933	—	566,645	4,177,276	4,321,209
2	FURNITURE & FIXTURE	6.33%	1,041,793	10,619	—	1,052,412	176,831	55,255	—	232,086	820,326	864,962
3	OFFICE EQUIPMENT	4.75%	817,159	19,409	—	836,568	102,675	34,498	—	137,173	699,395	714,484
4	PLANT & MACHINERY											
	A) MACHINERY	5.28%	20,723,389	115,826	—	20,839,215	2,746,622	950,100	—	3,696,722	17,142,493	17,976,767
	B) COMPUTERS	16.21%	1,525,066	89,719	—	1,614,785	588,737	156,631	—	745,368	869,417	936,329
	C) AIR CONDITIONER	4.75%	584,210	—	—	584,210	77,220	24,016	—	101,236	482,974	506,990
	D) ELECTRICAL INST.	4.75%	3,236,964	—	—	3,236,964	426,201	133,145	—	559,346	2,677,618	2,810,763
5	VEHICLES	9.50%	348,361	427,399	348,361	427,399	63,044	31,505	81,089	13,460	413,939	285,317
	TOTAL Rs.		33,020,863	662,972	348,361	33,335,474	4,604,042	1,529,083	81,089	6,052,036	27,283,438	28,416,821
	PREVIOUS YEAR		32,856,606	164,257	—	33,020,863	2,986,269	1,617,773	—	4,604,042	28,416,821	29,870,337

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	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE "6"			
CURRENT LIABILITIES & PROVISIONS :			
CURRENT LIABILITIES :			
Sundry Creditors :(Refer Note-15 of Schedule 10)			
Dues to Micro, Small and Medium Enterprises	953,939		876,192
For Others	42,848,807		58,845,730
		43,802,746	59,721,922
PROVISIONS :			
Outstanding Liabilities	—		—
Professional Tax Payable	4,100		3,600
Tax Deducted at Source	22,503		15,435
Provision for Fringe Benefit Tax	—		3,606
		26,603	22,641
TOTAL Rs.		43,829,349	59,744,563
		For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE "7"			
OTHER INCOME :			
Exchange Difference-others		—	—
Miscellaneous Income /Discount		10,004	8,691
Interest Received (TDS Rs.2104 /- Previous Year Rs. 2,684)		20,630	13,031
TOTAL Rs.		30,634	21,722
SCHEDULE "8"			
RAW MATERIALS CONSUMED :			
Opening Stock		10,756,208	10,418,712
Add: Purchases		108,441,952	86,786,246
(Net of Exchange gain Rs.6,355,861/- (Previous Year loss Rs.7,150,407/-))		119,198,160	97,204,958
Less : Closing Stock		21,915,230	10,756,208
TOTAL Rs.		97,282,929	86,448,750
SCHEDULE "9"			
MANUFACTURING AND OTHER EXPENSES :			
MANUFACTURING EXPENSES :			
Stores & Spares		1,832,164	796,872
Power & Water		1,192,749	1,085,560
Repairs & Maintenance (Building)		9,360	2,450
Machinery & Electrical Repairs		149,878	28,624
Insurance (Building)		49,510	30,783
Others		102,886	27,114
		3,336,548	1,971,403
WAGES, SALARIES AND OTHER BENEFITS :			
Salaries, Wages, Bonus & Ex-gratia		4,302,022	3,501,883
Contribution to E.S.I.C.		82,306	71,959
Contribution to Provident Fund		88,123	97,430
Gratuity to Staff		16,025	46,875
Director Remuneration		444,000	—
Workmen & Staff Welfare expenses		198,423	86,288
		5,130,899	3,804,435
OTHER EXPENSES :			
Insurance Charges		30,505	44,312
Rent, Rates & Taxes		2,817,524	2,466,131
Repairs & Maintenance		271,533	221,320
Travelling and Conveyance		112,337	116,871
Telephone Charges		157,096	180,505
Printing & Stationery		41,419	25,311
Auditors' Remuneration		19,200	19,200
Vehicle expenses		184,218	175,405
Brokerage & Commission		332,400	—
Debtors/Creditors written off		2,113,441	—
General expenses		2,397,548	2,430,585
		8,477,221	5,679,640
TOTAL Rs.		16,944,668	11,455,478

Goldiam Jewels Limited

	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
SCHEDULE "10"		
INTEREST & FINANCE CHARGES		
Bank Charges	346,811	363,741
Interest paid to Bank	643	662
Foreign Bank Charges	31,505	54,508
TOTAL Rs.	378,959	418,911
SCHEDULE 11		
NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS		
1 SIGNIFICANT ACCOUNTING POLICIES:		
A) BASIS OF PREPARATION OF ACCOUNTS :		
The financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financial statements have been prepared under historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out in prior year.		
B) USE OF ESTIMATES :		
The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and reported amounts of revenue and expenses for the year. Although these estimates are based upon management 's best knowledge of current events and actions, actual result could differ from these estimates.		
C) FIXED ASSETS:		
Fixed Assets (including Plant & Machinery) are stated at cost (Net of VAT wherever applicable). They are stated at historical cost less accumulated depreciation and Impairment loss.		
D) IMPAIRMENT OF ASSETS :		
i) The carrying amounts of assets are reviewed at each Balance Sheet date for indicators of impairment based on internal / external factors. An Impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.		
ii) After Impairment, depreciation is provided on the revised carrying amount of the assets.		
iii) A previously recognised impairment is increased or reversed depending on changing in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was not impairment.		
E) DEPRECIATION:		
Depreciation on Fixed Assets is provided on "Straight Line Value" method and at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition to fixed assets is provided on prorata basis from the date of acquisition or installation. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the month in which the said assets is sold, discarded, demolished or scrapped.		
F) INVENTORIES:		
i) Raw materials (including Work in Progress) are valued at cost or net realisable value, whichever is lower on first in first out basis.		
ii) Stores and Spares are valued at cost on first in first out basis.		
G) FOREIGN CURRENCY TRANSACTIONS:		
Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies, as at the balance sheet date, not covered by forward exchange contracts are translated at year end rates.		
H) REVENUE RECOGNITION :		
Revenues/Incomes and Cost/Expenditures are generally accounted on accrual basis as they are earned or incurred.		
I) EMPLOYEE BENEFITS :		
(i) Defined Contribution Plan		
Defined Contribution plans of the company comprise of Provident Fund and Pension plans.		
Employee benefits in the form of contribution to Provident Fund managed by Government authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.		

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- (ii) Defined Benefit Plan
Retirement benefit in the form of Gratuity Benefit is considered as defined benefit obligation and is provided for on the basis of actuarial valuation

Gratuity :

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement / death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of given years of service. The company makes annual contributions to group gratuity fund established by Life Insurance Corporation of India.

J) RESEARCH AND DEVELOPMENT EXPENDITURE:

Revenue expenses on Research & Development are charged to the Profit & Loss Account in the year in which these are incurred. Capital expenditure is taken as addition to the fixed assets.

K) SEGMENT INFORMATION :

The Company has one business segment viz. Jewellery Manufacturing and is wholly engaged in export of goods manufactured and hence there are no separate geographical segments.

L) RELATED PARTY DISCLOSURES

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with related parties as defined in the Accounting Standard are given below:

1) List of related parties and relationship where control exists or with whom transactions were entered into:

Sr. No.	Name of the Related Party	Relationship
1	Holding Company	Goldiam International Limited
2	Fellow subsidiaries	Goldiam HK Limited (upto 22.07.2009) Goldiam USA, Inc.
3	Associates	Goldiam HK Limited (from 23.07.2009)
4	Key Management Personnel	Mr. Manhar R. Bhansali (Chairman) Mr. Rashesh M. Bhansali (Managing Director) Mr. Ashish Karnavat (Director)

2) Transaction during the year with related parties: (Amount in Rupees)

Sr. No.	Nature of Transaction	Holding Company		Subsidiary Company of Holding Company		Key Management Personnel		Joint Venture	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
i)	Sale of goods	50,639,600	7,598,509	7,335,934	7,335,934	1,132,677	0		
ii)	Purchase of goods	0	0	411,448	0	1,254,977	294,659	3,921,285	0
iii)	Services					444,000	0		
iv)	Outstanding Receivables as on 31 st March	14,216,187	7,598,509	3,894,882	3,894,882	0	0	563,806	0
v)	Outstanding Payables as on 31 st March	0	0	411,448	0	820,308	0	3,921,285	0

Sr. No.	Nature of Transaction	Holding Company		Fellow Subsidiaries		Key Management Personnel		Key Management Personnel			
		Goldiam International Limited	Goldiam USA, Inc.	Goldiam HK Limited	Diastud Inc.	Ashish Karnavat					
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09		
i)	Sale of goods	50,639,600	7,598,509	7,335,934	188,998	0	0	1,132,677	0	0	570,309
ii)	Purchase of Goods	0	0	411,448	0	3,921,285	0	1,254,977	0	0	0
iii)	Services	0	0	0	0	0	0	0	0	444,000	0
iv)	Out. Receivables	14,216,187	7,598,509	3,894,882	188,998	563,806	0	1,682,213	743,850	0	0
v)	Out. Payables	0	0	411,448	0	3,921,285	0	750,216	0	70,092	0

M) EARNING PER SHARE :

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all diluted potential equity shares.

	2009-10	2008-09
Profit after Tax	(2,763,734)	1,310,604
Weighted Average no. of shares + potential shares outstanding	3000000	3000000
Earning per share (Basic)	-0.92	0.44
Earning per share (Diluted)	-0.92	0.44

Goldiam Jewels Limited

N) PROVISION FOR CURRENT AND DEFERRED TAX :

Tax expenses comprise of Current, Deferred Tax and fringe benefit taxes :

Provision for Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred income tax reflects the impact of current year timing differences between taxable income / losses and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date.

O) PROVISIONS / CONTINGENCIES :

A Provision is created when an enterprise has a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount and it is probable that an outflow of resources will be required to settle the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realizability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, assets and related income is recognised in the financial statements of the period in which the change occurs.

P) MISCELLANEOUS EXPENDITURE :

Expenses included under the head "Miscellaneous Expenditure" are amortized over the period of five years.

2 CONTINGENT LIABILITIES NOT PROVIDED FOR

- The Company has outstanding performance Guarantee of Rs. 35,00,000 as on the Balance Sheet date executed in favour of Assistant Commissioner of Customs (Previous Year Rs.35,00,000)
- During the year, company has deposit in bank as Fixed Deposits as security against margin money for the bank guarantee obtained from Bank on time to time basis. For
 - Rs.1,75,000/- against security for B-17 Bond for Rs.35,00,000 in favour of The Commissioner of Customs, Mumbai for performance Guarantee.

- Estimated amount of Contracts remaining to be executed on Capital Account and not provided for is Rs.nil. (Previous year Rs.nil.)

4 IN THE OPINION OF THE DIRECTORS:

- The Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.
- The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary

5 PARTICULARS IN RESPECT OF LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

CLASS OF GOODS MANUFACTURED	Unit	LICENSED CAPACITY		INSTALLED CAPACITY PRODUCTION		ACTUAL	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
JEWELLERY	Kgs	N. A.	N.A.	N. A.	N. A.	27.34	34.223

6 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES :

	31.3.2010	31.3.2009
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	953,939	876,192
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small Medium Enterprises Development Act, 2006, along with the amounts of and supplier beyond the appointed the payment made to the day during each accounting year.	NIL	NIL
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

7 RETIREMENT BENEFITS TO EMPLOYEES :

Company's contributions to Provident Fund is charged to Profit & loss Account. Contribution towards Gratuity based on the premium contribution determined by the Life Insurance Corporation of India under the Group Gratuity (Cash Accumulation) Scheme, as applicable is charged to the Profit & Loss Account. Accrued liability towards leave encashment is provided on the basis of actual leave due as at the Balance Sheet date.

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GENERAL DESCRIPTION OF DEFINED BENEFIT PLAN:

GRATUITY:

The Company makes annual contribution to the Employees' Group Gratuity-Cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days service for each completed year of service or part thereof depending on the date of joining. The benefit vests after five years of continuous service.

Assumptions

Gratuity Funded
31.03.2010 (Rupees)

Reconciliation of opening and closing balances of the present value of the defined benefit Obligation:

Present Value of obligation as at beginning of year	105,000
Current service cost	44,271
Interest cost	8,400
Actuarial (gain) / loss	(36,646)
Benefits paid	—
Present Value of obligation as at end of the year	121,025

Change in Plan assets

Plan assets at period beginning, at fair value	—
Expected return on plan assets	—
Actuarial (gain) / loss	—
Contribution	—
Benefits paid	—
Fair value of Plan assets at end of the year	—

Fair Value of Plan Assets

Fair Value of plan assets at beginning of year	—
Actual return on plan assets	—
Contributions	—
Benefits paid	—
Fair Value of plan assets at the end of year	—

Funded status

Excess of Actual over estimated return	—
----------------------------------------	---

The Amounts to be recognized in the balance sheet and statements of profit and loss

Present value of obligations as at the end of year	121,025
Fair value of plan assets as at the end of the year	—
Funded status	(121,025)
Net asset/(liability) recognized in balance sheet	(121,025)

Expenses for the year

Current service cost	44,271
Interest cost on benefit obligation	8,400
Expected return on plan assets	—
Net actuarial (gain)/loss recognised in the year	(36,646)
Total Expenses Recognised in the Profit and Loss Account	16,025

Assumptions

31st March 2010 Gratuity

Discount Rate 8%

Employee Turnover 8%

Salary Escalation 8%

Mortality Indian Assured Lives Mortality (1994-96)

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(I) Amounts recognised as an expenses : 16,025/-

(i) Defined Benefit Plan:

Gratuity includes gratuity cost of Rs. 44,271/- (Previous Year Rs. 46,875/-)

Leave Encashment Rs. 114,457/- (Previous Year Rs. 111,033/-).

(ii) Defined Contribution Plan:

Contribution to Provident Fund is Rs. 88,123/- (Previous Year Rs. 97,430/-).

ESIC and Labour Welfare Fund includes Rs. 74,718/- (Previous Year Rs. 77,755/-).

Goldiam Jewels Limited

8 PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK : QUANTITATIVE DETAILS FOR THE YEAR ENDED ON 31 ST MARCH, 2010														
PARTICULARS	OPENING STOCK			PURCHASE			IN-HOUSE TRANSFER			SALES			CLOSING STOCK	
	UNITS	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	
GOLD	GMS	1,960.97 (1,301.24)	2,756,689 (1,582,992)	26000.00 (23000.00)	41101428 (28362682)	—	—	—	—	—	—	2,598.82 (1,960.97)	4,246,883 (2,756,689)	
RHODIUM	GMS	— (2,000.00)	— (42,612)	6000.00 (3000.00)	64591 (63113)	—	—	—	—	—	—	—	—	
GOLD FINDINGS	GMS	126.15 (42.82)	55,312 (75,603)	256.51 (101.69)	385843 (61909)	—	—	—	—	—	—	237.44 (126.15)	290,438 (55,312)	
COLOUR STONES	CRTS	1,102.95 (1,073.16)	88,272 (84,292)	3619.44 (249.18)	197598 (41967)	—	—	—	—	—	—	1,308.00 (1,102.95)	118,461 (88,272)	
CUT & POLISHED DIAMONDS	CRTS	619.32 (786.27)	7,650,399 (8,409,371)	6444.94 (3905.48)	66274945 (57610269)	—	—	—	—	—	—	1,466.95 (619.32)	16,903,786 (7,650,399)	
ALLOY	GMS	21,539.85 (18,145.15)	117,016 (131,349)	83000.00 (54500.00)	417546 (646306)	—	—	—	—	—	—	23,423.90 (21,539.85)	347,505 (117,016)	
SILVER		6,544.88 (6,838.61)	88,520 (92,493)	0 —	0 —	—	—	—	—	—	—	237.44 (6,544.88)	8,157 (88,520)	
TOTAL		—	10,756,208 (10,418,712)	—	108,441,952 (86,786,246)	—	—	—	—	—	—	29,272.55 (31,894.12)	21,915,230 (10,756,208)	
FINISHED GOODS :														
GOLD JEWELLERY	(IN KGS)	0.000	—	—	—	—	—	—	—	—	—	—	115,100,864	
SILVER JEWELLERY	IN PCS	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL		—	—	—	—	—	—	—	—	—	—	—	115,100,864	

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8 DETAILS OF RAW MATERIAL CONSUMED :				
JEWELLERY DIVISION :				
	Quantity		Value (In Rupees)	
Gold (Grams)	25,362.15		39,611,234	
	(22,340.27)		(27,188,985)	
Rhodium (Grams)	6,000.00		64,591	
	(5000.00)		(105,725)	
Gold Findings (Grams)	145.22		150,717	
	(18.36)		(82,200)	
Cut & Polished Diamonds (Carats)	5,597.31		57,021,558	
	(4,072.43)		(58,369,241)	
Colour Stones (Carats)	3,414.39		167,409	
	(219.39)		(37,987)	
Alloy (Grams)	81,115.95		187,057	
	(51,105.30)		(660,639)	
SILVER	6,307.44		80,363	
	(293.73)		(3,973)	
9 VALUE OF IMPORTS ON C.I.F. BASIS :				
PARTICULARS	2009-10 (Rs.)		2008-09 (Rs.)	
1 Raw Materials	4,835,904		6,036,205	
2 Consumable Stores	452,838		204,017	
3 Capital Goods	—		—	
10 EXPENDITURE IN FOREIGN CURRENCY :				
Foreign Travels	—		—	
Professional fees	—		—	
Other Expenses	—		—	
11 EARNINGS IN FOREIGN EXCHANGE:				
F.O.B.Value of Exports	71,659,476		89,532,881	
12 Value of imported raw materials consumed and the value of all indigenous raw materials similarly consumed and the percentage of each to the total consumption.				
Particulars	Amount in Rupees		Percentage(%)	
	2009-10	2008-09	2009-10	2008-09
1 Raw Materials				
A Imported	40,232,457	39,599,466	41.36%	45.81%
B Indigenous	57,050,474	46,849,284	58.64%	54.19%
2 Consumable Stores & Spares				
A Imported	42,483	504,506	2.32%	48.28%
B Indigenous	1,789,681	540,442	97.68%	51.72%
13 The Deferred Tax Liability comprise of the following				
Deferred Tax Liability related to Fixed Assets	As at 31.03.2010		As at 31.03.2009	
	425,849		552,734	
Deferred Tax Asset related to Unabsorbed Loss & Depreciation	0		0	
14 Remuneration to Auditors:				
Particulars			2009-10	2008-09
As Auditors			10,500	10,500
Others			8,700	8,700
Total Rs.			19,200	19,200
15 There are no dues to Small Scale Industrial Undertakings.				
16 Sales include Exchange Loss of Rs.5,301,945/- (Previous Year Exchange Profit Rs.9,891,481)				
17 Previous Year figures have been rearranged or re-grouped, wherever necessary.				

Signatures to the Schedules 1 to 10 forming part of the Balance Sheet and Profit and Loss Account.

As per our report of even date.

For Vijay J Shah & Associates
Chartered Accountants

Vijay J Shah
Proprietor

Place : Mumbai
Date : 24th May, 2010

For and on behalf of the Board

Rashesh M. Bhansali
Managing Director

Place : Mumbai
Date : 24th May, 2010

Ashish Karnavat
Director

Goldiam Jewels Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

1. REGISTRATION DETAILS

1. Registration Details :

Registration No.

1 4 8 6 3 7

State Code 1 1

Balance Sheet Date

3 1 0 3 2 0 1 0

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Bonus Issue

N I L

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

6 2 5 8 9

Total Assets

6 2 5 8 9

SOURCES OF FUNDS

Paid-up Capital

3 0 0 0 0

Reserves & Surplus

3 2 3 2 0

Secured Loans

2 6 9

Unsecured Loans

N I L

Deferred Tax Liability

N I L

APPLICATION OF FUNDS

Net Fixed Assets

2 7 2 8 4

Investments

N I L

Net Current Assets

2 6 3 5 3

Misc. Expenditure

1 1 6 4

Deferred Assets

2 4 1

Accumulated Losses

7 5 4 7

4. Performance of Company (Amount in Rs. Thousands)

Turnover

1 1 5 1 3 1

Total Expenditure

1 1 7 4 6 9

Profit before tax

- 2 3 3 8

Profit after Tax

- 2 7 6 4

Earning Per Share in Rs.

- 0 . 9 2

Dividend Rate %

0 0

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS

a) Item Code No.:

7 1 1 3 . 1 9

J E W E L L E R Y

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Fifth Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended on 31st March, 2010.

FINANCIAL RESULTS:

	(Rupees in Lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Sales for the year	<u>6075.42</u>	<u>4846.88</u>
Profit before Financial expenses, Preliminary expenses, depreciation and taxation	<u>769.45</u>	1068.51
Less: Financial expenses	<u>164.67</u>	120.09
Operating profit before Preliminary expenses, depreciation & taxation	<u>604.78</u>	948.42
Less: Depreciation & Preliminary expenses written off	<u>31.46</u>	27.58
Profit before taxation	<u>573.32</u>	920.84
Provision for taxation	<u>(2.30)</u>	(1.01)
Profit after taxation	<u>575.62</u>	921.85
Add: Balance brought forward	<u>1798.70</u>	876.85
Profit available for appropriation	<u>2374.32</u>	<u>1798.70</u>

OPERATIONS:

The improvement in the global economic scenario as compared to that of the previous year has led to an increase in the turnover of the Company from Rs.4846.88 lacs during the previous year to Rs.6075.42 lacs during the year under report reflecting a growth of 25.35% over the previous year. The Company has, however, earned a net profit of Rs.575.62 lacs after tax as compared to a net profit after tax of Rs.921.85 lacs for the previous year registering a decline of 37.56%. The decline in the profit can be attributed to the increase in the cost of materials, manufacturing & other expenses and financial expenses.

DEPOSITS:

The Company has not invited/ accepted any deposit from the public during the year ended 31st March, 2010. There were no unclaimed or unpaid deposits as on 31st March, 2010.

DIVIDEND:

With a view to conserve the resources for meeting the working capital requirements of the Company, the Board of Directors of the Company has decided not to recommend any dividend for the year under report.

DIRECTORS:

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Ami R. Bhansali and Mr. Kunal H. Vora, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Your directors recommend their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had 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;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

AUDITORS:

M/s Pulindra Patel & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and being eligible have consented to their re-appointment and have furnished their eligibility certificate as required under Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

SECRETARIAL COMPLIANCE CERTIFICATE:

Secretarial Compliance Certificate of M/s. R. N. Shah & Associates, Company Secretaries, as required under Section 383A of the Companies Act, 1956 is attached herewith.

(A) CONSERVATION OF ENERGY, (B) TECHNOLOGY ABSORPTION, (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as furnished herein below:

A. CONSERVATION OF ENERGY:

As the Gems & Jewellery Industry is not covered by the Schedule prescribed by the said Rules, disclosure of particulars on conservation of energy is not applicable to the Company.

B. TECHNOLOGY ABSORPTION:

The particulars regarding absorption of technology are annexed in the prescribed Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company's main line of business is manufacturing and exporting studded gold jewellery. The Company has achieved Export Turnover of Rs.6075.42 lacs during the year under review, 2009-2010, as compared to Rs.4846.88 lacs in the previous year, 2008-2009.

Goldiam Jewellery Limited

	2009-2010	2008-2009
	(In Rupees)	
Total Foreign Exchange Received:	621,891,419	464,880,498
Total Foreign Exchange used		
i) Raw Materials	284,394,510	243,551,640
ii) Consumable Stores	566,286	191,670
iii) Capital Goods	—	—
iv) Foreign Travels	—	—
v) Others	91,534	133,849

PARTICULARS OF EMPLOYEES:

Particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies Amendment Act, 1988 are annexed hereto forming part of this report.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their appreciation and sincere gratitude to Government of India, Government of Maharashtra, SEEPZ (SEZ) Authorities and the Bankers to the Company for their valuable support and look forward to their continued co-operation in the years to come.

Your Directors acknowledge the support and co-operation received from the employees and all those who have helped in the day-to-day management.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 19th May, 2010

MANHAR R. BHANSALI
CHAIRMAN

ANNEXURES FORMING PART OF THE DIRECTORS' REPORT

ANNEXURE – I

FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R & D) as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Research & Development:

1. Specific areas in which R & D is carried out by the Company

The Company's R & D is focused on offering high quality, competitively priced, innovative design jewellery to its customers. It places emphasis on latest technologies for manufacturing diamond studded gold jewellery which can lead to improved quality. In addition to the invisible setting in diamond, the Company has introduced new micro pave hand set technology.

2. Benefits derived as a result of the above R & D

This R & D will enable the Company to offer high quality, innovative jewellery which is competitively priced to its customers and thereby increase customer satisfaction, revenue and profitability.

3. Future plan of action

The Company intends to continue the research in its pursuit for bringing attractively priced, finer quality products to the customers.

4. Expenditure on R & D

R&D is a continuous process and the expenditure is not specifically earmarked for the same and is debited to the general manufacturing expenses:

(a) Capital	NIL
(b) Recurring	NIL
(c) Total	NIL
(d) Total R & D expenditure as a percentage of total turnover	N.A

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company endeavours to keep itself abreast with the technical developments, innovations and trends in its line of business and constantly strives to incorporate the same in manufacturing jewellery and improve the design & quality of its products and reduce the costs.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

The benefits are being reflected in the areas of competitiveness and higher turnover.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

a) Technology imported	} The Company has not imported any technology since its inception
b) Year of import	
c) Has technology been fully absorbed and	
d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	

ANNEXURE – II

INFORMATION REQUIRED AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2010

Sr. No.	Name	Designation	Remuneration (Rs.)	Qualification	Age	Experience (Years)	Date of Commencement of Employment	Particulars of last Employment
1.	Mr. Rashesh M. Bhansali	Managing Director	3,185,086	T.Y.B.Com.	42	23	01.01.2008	—
2.	Mrs. Ami R. Bhansali	Whole-time Director	3,185,086	B.Com.	42	22	01.02.2009	Whole-time Director in Diagold Designs Limited

Notes:

- Mr. Rashesh M. Bhansali, Managing Director, and his wife Mrs. Ami R. Bhansali, Whole-time Director, are related to Mr. Manhar R. Bhansali, Chairman, as son and daughter-in-law respectively. Mrs. Ami R. Bhansali, Whole-time Director, is related to Mr. Kunal H. Vora, Director, as sister.
- Gross Remuneration includes Salary, Ex-Gratia Payment, Taxable Value of Perquisites and Commission.
- The appointments of the Managing Director and Whole-time Directors are contractual.

COMPLIANCE CERTIFICATE

To

The Members

GOLDIAM JEWELLERY LIMITED

We have examined the registers, records, books and papers of **GOLDIAM JEWELLERY LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and agents, we certify that in respect of the aforesaid financial period:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 6 (Six) times on 8th April, 2009; 21st April, 2009; 28th April, 2009; 31st July, 2009; 30th October, 2009 and 29th January, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members and/or debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th June, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One extra-ordinary general meeting was held during the financial year on 8th April, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
8. The Company has not advanced any loans to its directors and/or persons or firms or Companies referred in the section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or the Central Government as the case may be.
12. The company has not issued any duplicate share certificate during the financial year.
13. The Company has:
 - (i) There was no allotment/transfer/transmission of securities during the financial year.
 - (ii) not deposited any amount in separate bank account as no dividend including interim dividend was declared during the financial year;
 - (iii) not posted warrants for dividends to any members of the Company as no dividend was declared during the financial year;
 - (iv) not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education an Protection Fund as this being the Fifth Year of Incorporation.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. The appointment of Managing Director and Whole-time Director has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the financial year.

Goldiam Jewellery Limited

20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ended 31st March, 2010 are within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been duly passed at the General Body meeting of the Members.
25. The Company has made loans and investment or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny and complied with the provisions of the Act.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees' and employer's contribution towards Provident Fund during the financial year with prescribed authorities pursuant to Section 418 of the Act.

For R. N. SHAH & ASSOCIATES
COMPANY SECRETARIES

PLACE : MUMBAI

(RAJNIKANT N. SHAH)

DATED : 19th May, 2010

Proprietor
C. P. No. 700

Annexure A

Registers as maintained by GOLDIAM JEWELLERY LIMITED:

1. Board Minutes Book u/s. 193.
2. Members Minutes Book u/s. 193.
3. Attendance Register.
4. Application for and Allotment of Shares u/s. 72.
5. Register of Members u/s. 150.
6. Register of Share Transfers u/s. 108.
7. Register of Directors, Managing Directors u/s. 303.
8. Register of Directors' Shareholdings u/s. 307.
9. Register of Contracts u/s. 301.
10. Register of Companies and Firms in which Directors are interested u/s. 301(3).
11. Register of Charge u/s. 143

Annexure B

Forms and Returns as filed by GOLDIAM JEWELLERY LIMITED with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2010:

1. Form 23 dated 08/04/2009 filed u/s. 372A on 09/04/2009 for Inter Corporate Loans & Investments or Guarantee or Security in excess of the prescribed Limits.
2. Form 20B together with Annual Return dated 30/06/2009 filed u/s. 159 on 10/08/2009.
3. Form 23AC & 23ACA together with Balance Sheet as on 31/03/2009 and Profit and Loss Account for the year ended on that date filed u/s. 220 on 16/07/2009.
4. Form 66 together with Compliance Certificate for the financial year ended 31/03/2009 filed u/s. 383A on 13/07/2009.
5. Form 32 dated 28/04/2009 filed u/s. 264(2)/266(1)(a) on 11/05/2009 for appointment of Mr. Rajesh G. Kapadia as an Additional Director of the Company.
6. Form 32 dated 30/06/2009 filed u/s. 264(2)/266(1)(a) on 13/07/2009 for appointment of Mr. Rajesh G. Kapadia as a Director of the Company in the Annual General Meeting.
7. Form 8 dated 30/06/2009 filed u/s. 125 on 10/07/2009 for creation of charge in favour of HSBC Bank for Rs.150,000,000.00

AUDITORS' REPORT

TO THE MEMBERS OF GOLDIAM JEWELLERY LIMITED

We have audited the attached Balance Sheet of GOLDIAM JEWELLERY LIMITED as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

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 mis-statement. 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Pulindra Patel & Co.
Chartered Accountants

(Pulindra Patel)
Proprietor

Place : Mumbai
Date : 19th May, 2010

Membership No. 48991
FRN No. 115187W

Annexure

(Referred to in 3rd paragraph of our report of even date)

1.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal of fixed assets during the year and going concern status of the company is not affected.
2.
 - a) As explained to us, the management has conducted physical verification of inventory at reasonable intervals.
 - b) In our opinion and according to the information & explanations given to us, the procedure of physical verification of inventories followed by the management are 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 & explanations given to us, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.

Goldiam Jewellery Limited

3. a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) According to the information and explanations given to us, the Company has taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.260,024,513/- and year end balance of the loans taken was Rs.125,505,111/-.
- c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the company.
- d) In respect of loans received, repayment of the principal amount is as stipulated and payment of interest has been regular.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. (a) According to the information and explanations given to us, the transactions that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, these contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have been informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9. According to the information and explanations given to us and on the basis of the examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, cess and other undisputed statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. Based on our audit procedure and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of the dues to the bank and financial institution. The company has no outstanding dues in respect of debentures.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund societies.
14. In our opinion and according to the information and explanations given to us, the company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
15. According to the information and explanations given to us, the Company had given guarantee for loans taken by its associates from bank and in our opinion the terms and conditions on which guarantee was given is not prima facie prejudicial to the interest of the company.
16. The Company did not have any term loans outstanding during the year.
17. We have been informed by the management that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Pulindra Patel & Co.
Chartered Accountants

(Pulindra Patel)

Proprietor

Membership No. 48991

Place : Mumbai

Date : 19th May, 2010

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BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	As at 31.03.2010		As at
		Rupees	Rupees	31.03.2009 Rupees
I) SOURCES OF FUNDS :				
1) SHAREHOLDERS FUNDS :				
a) SHARE CAPITAL	1	10,000,000		10,000,000
b) RESERVES AND SURPLUS	2	237,432,292		179,869,919
			247,432,292	189,869,919
2) DEFERRED TAX LIABILITY (Refer Note No. 18 of Schedule 13)			—	48,199
3) LOAN FUNDS				
SECURED LOANS	3	49,269,813		—
UNSECURED LOANS	4	125,505,111		187,555,478
			174,774,924	187,555,478
TOTAL Rs.			422,207,216	377,473,596
II) APPLICATION OF FUNDS :				
1) FIXED ASSETS				
GROSS BLOCK	5	24,179,645		22,851,148
LESS: DEPRECIATION		9,583,994		6,483,896
NET BLOCK			14,595,651	16,367,252
2) INVESTMENTS				
			—	—
3) DEFERRED TAX ASSETS (Refer Note No. 18 of Schedule 13)				
			188,142	—
3) CURRENT ASSETS, LOANS AND ADVANCES				
a) INVENTORIES		166,838,457		98,914,655
b) SUNDRY DEBTORS		314,711,056		350,745,354
c) CASH AND BANK BALANCES		46,392,483		20,370,512
d) LOANS AND ADVANCES		7,438,340		3,668,361
		535,380,336		473,698,882
4) LESS: CURRENT LIABILITIES AND PROVISIONS				
	7			
1) CURRENT LIABILITIES		128,222,101		112,900,787
2) PROVISIONS		12,820		16,094
		128,234,921		112,916,881
NET CURRENT ASSETS			407,145,414	360,782,001
5. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) (Refer Note No. 1(O) of Schedule 13)				
	8		278,009	324,343
TOTAL Rs.			422,207,216	377,473,596
NOTES ON ACCOUNTS	13			

Schedules referred to above form an integral part of Balance Sheet

This is the balance sheet referred to in our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

For and on behalf of the Board

Pulindra M. Patel
Proprietor
Membership No. 48991

Manhar R. Bhansali
Chairman

Rashesh M. Bhansali
Managing Director

Place : Mumbai
Date : 19th May, 2010

Place : Mumbai
Date : 19th May, 2010

Goldiam Jewellery Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
I) INCOME :			
SALES (Exports)		607,542,321	484,688,422
OTHER INCOME	9	287,422	253,291
TOTAL Rs.		607,829,743	484,941,713
II) EXPENDITURE :			
COST OF MATERIALS	10	478,667,252	343,203,153
MANUFACTURING AND OTHER EXPENSES	11	52,217,729	34,887,607
FINANCIAL EXPENSES	12	16,466,790	12,008,660
PRELIMINARY EXPENSES WRITTEN OFF		46,334	46,334
DEPRECIATION / AMORTISATION	5	3,100,098	2,712,309
TOTAL Rs.		550,498,203	392,858,063
III) PROFIT :			
PROFIT BEFORE TAX		57,331,540	92,083,649
PROVISION FOR TAX :			
SHORT/EXCESS PROVISION FOR TAX		7,312	—
CURRENT TAX		12,820	—
DEFERRED TAX		236,341	62,152
FRINGE BENEFIT TAX		—	23,520
PRIOR PERIOD EXPENSES		—	62,400
NET PROFIT FOR THE YEAR AFTER TAX		57,562,373	92,184,681
BALANCE BROUGHT FORWARD FROM LAST YEAR		179,869,919	87,685,238
PROFIT AVAILABLE FOR APPROPRIATION		237,432,292	179,869,919
APPROPRIATION			
BALANCE CARRIED FORWARD TO BALANCE SHEET		237,432,292	179,869,919
TOTAL Rs.		237,432,292	179,869,919
EARNING PER SHARE (Face Value Rs.10/-)			
BASIC		57.56	92.18
DILUTED		57.56	92.18
(See Note No 17 of Schedule 13)			
NOTES TO ACCOUNTS	13		

Schedules referred to above form an integral part of Profit & Loss Account

This is the profit & loss account referred to in our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 48991

Place : Mumbai
Date : 19th May, 2010

For and on behalf of the Board

Manhar R. Bhansali **Rashesh M. Bhansali**
Chairman Managing Director

Place : Mumbai
Date : 19th May, 2010

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CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Rupees	2009-10 Rupees	2008-09 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES:			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		57,331,540	92,083,649
ADJUSTMENT FOR:			
Depreciation (Schedule 5)	3,100,098		2,712,309
Interest	16,466,790		12,008,660
Preliminary expenses written off	46,334		46,334
(Short)/Excess Provision for taxation written off	7,312		—
		19,620,534	14,767,303
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		76,952,074	106,850,953
ADJUSTMENT FOR:			
Trade and other Receivable	32,264,319		2,714,061
Inventories	(67,923,802)		(56,091,140)
Trade Payable	15,324,991		(57,645,684)
		(20,334,491)	(111,022,763)
CASH GENERATED FROM OPERATIONS		56,617,582	(4,171,810)
Interest Paid	(16,466,790)		(12,008,660)
Direct Tax Paid	(6,951)		(10,560)
		(16,473,741)	(12,019,220)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		40,143,842	(16,191,030)
NET CASH FROM OPERATING ACTIVITIES		40,143,842	(16,191,030)
B) CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	(1,328,497)		(2,217,818)
		—	—
NET CASH USED IN INVESTING ACTIVITIES		(1,328,497)	(2,217,818)
C) CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from Issue of Share Capital including share premium amount	—		—
Repayment of Long Term Borrowing	(12,780,554)		(17,975,417)
Dividend Paid	—		—
		(12,780,554)	(17,975,417)
NET CASH USED IN FINANCING ACTIVITIES		(12,780,554)	(17,975,417)
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,034,791	(36,384,265)
CASH AND CASH EQUIVALENTS AS AT 01.04.2009		20,370,512	56,692,379
CASH AND CASH EQUIVALENTS AS AT 31.03.2010		46,392,483	20,370,512

This is the cash flow statement referred to in our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 48991

Place : Mumbai
Date : 19th May, 2010

For and on behalf of the Board

Manhar R. Bhansali
Chairman

Rashesh M. Bhansali
Managing Director

Place : Mumbai
Date : 19th May, 2010

Goldiam Jewellery Limited

SCHEDULE	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE "1"		
SHARE CAPITAL :		
AUTHORISED CAPITAL		
1000000 Equity Shares of Rs. 10/- each (Previous Year 1000000 Equity Shares of Rs. 10/- each)	10,000,000	10,000,000
	10,000,000	10,000,000
ISSUED CAPITAL		
1000000 Equity Shares of Rs.10/- each (Previous Year 1000000 Equity Shares of Rs.10/- each)	10,000,000	10,000,000
	10,000,000	10,000,000
SUBSCRIBED AND PAID UP CAPITAL		
1000000 Equity Shares of Rs.10/-each (Previous year 1000000 Equity Shares of Rs.10/- each)	10,000,000	10,000,000
I) Out of which 1000000 (1000000) Equity Shares of Rs.10/- each are held by Holding company Goldiam International Limited	10,000,000	10,000,000
TOTAL Rs.	10,000,000	10,000,000
SCHEDULE "2"		
RESERVES AND SURPLUS		
1. Profit & Loss Account	237,432,292	179,869,919
TOTAL Rs.	237,432,292	179,869,919
SCHEDULE "3"		
SECURED LOANS :		
The Hongkong and Shanghai Banking Corporation Limited Post Shipment Credit in Foreign Currency (Secured by Hypothecation of Present & Future Inventories, Receivables and First and exclusive charge over all moveable assets and Corporate Guarantee by Holding Company M/s. Goldiam International Limited)	49,269,813	—
	49,269,813	—
SCHEDULE "4"		
UNSECURED LOANS :		
Short-term loans & advances:		
(a) From Banks	—	—
(b) From Others		
(i) From Holding company Goldiam International Limited	30,000,000	—
(ii) From Director	—	—
	30,000,000	—
Other loans & advances :		
(a) From Banks	—	—
(b) From Others		
(i) From Holding company Goldiam International Limited	45,046,481	170,024,513
(ii) From Director	50,458,630	17,530,965
	95,505,111	187,555,478
TOTAL Rs.	125,505,111	187,555,478

SCHEDULE " 5 "											
FIXED ASSETS											
(Amount in Rupees)											
Sr. Description No.	GROSBLOCK				DEPRECIATION				NETBLOCK		
	Cost as on 01.04.2009	Addition	Deduction	Cost as on 31.03.2010	As on 01.04.2009	For the Year	Deduction	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009	As on 31.03.2009
1	FACTORY BUILDING	1,810,972	—	—	1,810,972	370,021	144,095	—	514,116	1,296,856	1,440,951
2	FURNITURE & FIXTURE	5,561,063	—	—	5,561,063	1,928,158	657,556	—	2,585,714	2,975,349	3,632,905
3	OFFICE EQUIPMENT	936,285	—	—	936,285	258,023	94,346	—	352,369	583,916	678,262
4	PLANT& MACHINERY										
	A) MACHINERY	7,291,944	—	—	7,291,944	2,171,371	784,984	—	2,956,355	4,335,589	5,120,573
	B) COMPUTERS	747,439	—	—	747,439	499,085	99,342	—	598,427	149,012	248,354
	C) AIR CONDITIONER	1,475,893	—	—	1,475,893	396,458	150,149	—	546,607	929,286	1,079,435
	D) ELECTRICAL INST.	2,925,754	—	—	2,925,754	813,073	293,874	—	1,106,947	1,818,807	2,112,681
5	VEHICLES	2,101,797	1,328,497	—	3,430,294	47,707	875,752	—	923,459	2,506,835	2,054,090
	TOTAL Rs.	22,851,148	1,328,497	—	24,179,645	6,483,896	3,100,098	—	9,583,994	14,595,651	16,367,252
	PREVIOUS YEAR	20,633,330	2,217,818	—	22,851,148	3,771,587	2,712,309	—	6,483,896	16,367,252	

Goldiam Jewellery Limited

SCHEDULE	As at	As at
SCHEDULE "6"	31.03.2010	31.03.2009
	Rupees	Rupees
CURRENT ASSETS, LOANS AND ADVANCES		
1) CURRENT ASSETS :		
a) INVENTORIES :		
As taken, valued & certified by the Management		
Stock of consumable Stores & Spare parts (at cost)	149,397	194,535
Raw Materials	166,689,060	98,720,120
(At cost or net realisable value whichever is less)		
TOTAL Rs.	166,838,457	98,914,655
b) SUNDRY DEBTORS :		
(Unsecured)		
Outstanding for a period exceeding six months		
— considered good	201,912,347	193,315,002
— considered doubtful	—	—
Other Debts		
— considered good	112,798,709	157,430,352
— considered doubtful	—	—
TOTAL Rs.	314,711,056	350,745,354
c) CASH AND BANK BALANCES :		
Cash on Hand	21,335	9,300
Balance with Schedule Banks in		
— Current Account	4,486,052	13,523,735
— EEFC Account	41,885,096	6,837,477
TOTAL Rs.	46,392,483	20,370,512
II) LOANS AND ADVANCES :		
(Advances recoverable in cash or in kind or for value to be received)		
Loans and Advances	7,076,640	3,376,661
Security & Other Deposits	361,700	291,700
TOTAL Rs.	7,438,340	3,668,361
	535,380,336	473,698,882
SCHEDULE "7"		
CURRENT LIABILITIES & PROVISIONS :		
CURRENT LIABILITIES :		
Sundry creditors :		
Dues to Micro, Small and Medium Enterprises (Refer Note 7 of Schedule 13)	2,286,654	1,337,789
Others	125,935,447	109,651,782
Advances from Customers	—	1,911,216
	128,222,101	112,900,787
PROVISIONS :		
Provision for Wealth Tax	12,820	—
Provision for Fringe Benefit Tax	—	16,094
	12,820	16,094
TOTAL Rs.	128,234,921	112,916,881
SCHEDULE "8"		
MISCELLANEOUS EXPENDITURE:		
(To the extent not written off or adjusted)		
Preliminary expenses	145,519	166,307
Less: 10% written off	20,788	20,788
	124,731	145,519
Pre-operative expenses	178,824	204,370
Less: 10% written off	25,546	25,546
	153,278	178,824
TOTAL Rs.	278,009	324,343

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SCHEDULE

SCHEDULE "9"	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
OTHER INCOME :		
Commission Income (TDS Rs.6,137/- Previous Year Rs.25,346/-)	61,371	223,706
Credit Balance written back	214,105	7,433
Exchange Difference Others	—	14,580
Interest Received on Loan (TDS Rs.814/- Previous Year Rs. 1,716/-)	11,946	7,572
	<u>287,422</u>	<u>253,291</u>
SCHEDULE "10"		
RAW MATERIALS CONSUMED :		
Opening Stock	98,720,120	42,585,443
Add: Purchases	546,636,192	399,337,830
(Net of Exchange gain of Rs.10,419,302/- Previous Year gain of Rs.16,958,861/-)	645,356,312	441,923,273
Less : Closing Stock	166,689,060	98,720,120
TOTAL Rs.	<u>478,667,252</u>	<u>343,203,153</u>
SCHEDULE "11"		
MANUFACTURING AND OTHER EXPENSES :		
MANUFACTURING EXPENSES :		
Stores & Spares	1,337,938	772,276
Power & Water	2,850,884	2,047,745
Repairs & Maintenance (Building)	1,400	6,951
Machinery & Electrical Repairs	49,807	30,058
Grooving charges	609,459	707,341
Insurance	38,091	28,555
Others	9,036,281	4,836,687
	<u>13,923,860</u>	<u>8,429,613</u>
WAGES, SALARIES AND OTHER BENEFITS :		
Salaries, Wages, Bonus & Ex-gratia	8,155,541	12,232,208
Contribution to E.S.I.C.	32,227	25,873
Contribution to Provident Fund	47,688	50,200
Contribution to LIC Group Gratuity Scheme	2,460	85,713
Workmen & Staff Welfare expenses	508,610	151,864
	<u>8,746,526</u>	<u>12,545,858</u>
OTHER EXPENSES :		
Clearing Charges	2,065,661	1,954,297
Insurance	68,392	58,582
Exchange Difference	13,399,963	—
Rent Rates & Taxes	1,138,752	1,264,537
Repairs & Maintenance	173,593	200,314
Commission on sales	4,050,763	3,611,723
Travelling and conveyance	710,207	102,209
Telephone charges	96,814	52,939
Printing & Stationery	108,010	93,909
Vehicle expenses	5,850	3,200
Auditors' Remuneration	25,000	27,575
Professional charges	6,509,868	6,461,577
General expenses	1,194,471	81,274
	<u>29,547,344</u>	<u>13,912,136</u>
TOTAL Rs.	<u>52,217,729</u>	<u>34,887,607</u>
SCHEDULE "12"		
INTEREST & FINANCE CHARGES		
Bank Charges	2,251,870	289,804
Interest on unsecured loan	13,300,427	11,699,817
Interest paid to Bank	914,493	19,039
TOTAL Rs.	<u>16,466,790</u>	<u>12,008,660</u>

Goldiam Jewellery Limited

SCHEDULE 13 NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES:

A) BASIS OF PREPARATION OF ACCOUNTS :

The financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, to the extent applicable. The Financial Statements have been prepared under historical cost convention on an accrual basis except in case of assets for which provision for impairment is made.

B) USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and reported amounts of revenue and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

C) FIXED ASSETS:

Fixed Assets (including Plant & Machinery) are stated at cost (Net of VAT wherever applicable). They are stated at historical cost less accumulated depreciation and Impairment loss.

D) IMPAIRMENT OF ASSETS :

- i) The carrying values of assets are reviewed at each Balance Sheet date for indicators of impairment based on internal/external factors. An Impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.
- ii) After Impairment, depreciation is provided on the revised carrying amount of the assets.
- iii) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if no impairment loss had been recognized.

E) DEPRECIATION:

Depreciation on Fixed Assets is provided on "Written Down Value" method and at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition to fixed assets is provided on prorata basis from the date of acquisition or installation. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the month in which the said asset is sold, discarded, demolished or scrapped.

F) INVENTORIES:

- i) Raw materials (including Work-in-Progress) are valued at cost or net realisable value, whichever is lower, on first in first out basis.
- ii) Stores and Spares are valued at cost on first in first out basis.

G) FOREIGN CURRENCY TRANSACTIONS:

- i) Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies, as at the balance sheet date, not covered by forward exchange contracts are translated at year end rates.
- ii) In respect of Monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and is recognised over the life of the contract.
- iii) Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year.

H) REVENUE RECOGNITION:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reasonably measured.

Sale of Goods:

Revenue is recognised when the significant risks and rewards of ownership to the goods is passed to the buyer.

I) EMPLOYEE BENEFITS:

- (i) Defined Contribution Plan:

Defined Contribution plans of the company comprise of Provident Fund and Pension plans.

Employee benefits in the form of contribution to Provident fund managed by Government authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

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(ii) **Defined Benefit Plan:**

Retirement benefits in the form of Gratuity benefit is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation.

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement/death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of given years of service. The company makes annual contributions to group gratuity fund established by Life Insurance Corporation of India.

J) RESEARCH AND DEVELOPMENT EXPENDITURE:

Revenue expenses on Research & Development are charged to the Profit & Loss Account in the year in which these are incurred. Capital expenditure is taken as addition to the fixed assets.

K) SEGMENT INFORMATION:

The Company has one business segment viz. Jewellery Manufacturing and is wholly engaged in export of goods manufactured and hence there are no separate geographical segments.

L) EARNING PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

M) PROVISION FOR CURRENT AND DEFERRED TAX:

Tax expenses comprise of Current, Deferred tax and Fringe benefit taxes :

Provision for Current tax and Fringe benefit tax is determined as the amount of tax payable in respect of taxable income for the period.

The Company is eligible for exemption u/s 10AA of the Income Tax Act, 1961 and therefore Current Tax Provision has been made accordingly.

Deferred income tax reflects the impact of current year timing differences between taxable income / losses and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be set-off.

N) PROVISIONS / CONTINGENCIES:

A Provision is created when an enterprise has a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount and it is probable that an outflow of resources will be required to settle the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtual certain that an inflow of economic benefits will arise, assets and related income is recognised in the financial statements of the period in which the change occurs.

O) MISCELLANEOUS EXPENDITURE:

Expenses included under the head "Miscellaneous Expenditure" are amortized over the period of ten years.

2 RELATED PARTY DISCLOSURES:

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with related parties as defined in the Accounting Standard are given below:

a) List of related parties and relationship

Holding Company	Goldiam International Limited
Fellow subsidiaries	Goldiam HK Limited (upto 22.07.2009) Goldiam USA, Inc.
Associates	Goldiam HK Limited (from 23.07.2009)
Key Management Personnel	Mr. Rashesh M. Bhansali (Managing Director) Mrs. Ami R. Bhansali (Director)

Goldiam Jewellery Limited

b) Transaction during the year with related parties:		(Amount in Rupees)							
Sr. No.	Nature of Transaction	Holding Company		Key Management Personnel		Relative of Key Management Personnel		Enterprises over which Key Management Personnel have direct control	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
i)	Payments to & provisions for Directors remuneration	—	—	6,370,172	10,231,516	—	—	—	—
ii)	Loans taken	39,890,911	4,750,000	72,500,000	17,500,000	—	—	—	—
iii)	Guarantee taken	150,000,000	—	—	—	—	—	—	—
iv)	Loans refunded	139,915,424	50,600,000	40,030,965	—	—	—	—	—
v)	Interest paid	6,323,975	10,343,618	6,976,437	30,965	—	—	—	—
vi)	Sale of goods	—	—	—	—	—	—	126,658,545	23,978,034
vii)	Purchase of goods	66,325,061	50,982,828	—	—	—	—	11,476,225	2,642,209
I)	Outstanding Loan given as on 31 st March	—	—	—	—	—	—	—	—
II)	Outstanding Loan received as on 31 st March	75,046,481	170,024,513	50,458,630	17,530,965	—	—	—	—
III)	Outstanding Receivables as on 31 st March	—	—	—	—	—	—	107,754,931	23,978,034
IV)	Outstanding Payables as on 31 st March	3,215,205	28,776,355	—	5,832,385	—	—	108,953	—
V)	Outstanding Guarantee taken as on 31 st March	150,000,000	—	—	—	—	—	—	—
c) Disclosure in respect of Transaction with related parties during the year		(Amount in Rupees)							
Sr. No.	Nature of Transaction	Holding Company	Subsidiary/Joint Venture of Holding Company	Subsidiary of Holding Company	Key Management Personnel				
		Goldiam International Limited	Goldiam HK Limited	Goldiam USA, Inc.	Rashesh Bhansali	Ami Bhansali			
i)	Payments to & provision for Directors remuneration	—	—	—	3,185,086	3,185,086			
		—	—	—	(5,115,758)	(5,115,758)			
ii)	Loans taken	39,890,911	—	—	72,500,000	—			
		(4,750,000)	—	—	(17,500,000)	—			
iii)	Loans refunded	139,915,424	—	—	40,030,965	—			
		(50,600,000)	—	—	—	—			
iv)	Guarantee taken	150,000,000	—	—	—	—			
		—	—	—	—	—			
v)	Interest paid	6,323,975	—	—	6,976,437	—			
		(10,343,618)	—	—	(30,965)	—			
vi)	Purchase of goods	66,325,061	6,835,836	4,640,389	—	—			
		(50,982,828)	(2,642,209)	—	—	—			
vii)	Sale of goods	—	—	126,658,545	—	—			
		—	—	(23,978,034)	—	—			
I)	Outstanding Loan received as on 31 st March	75,046,481	—	—	50,458,630	—			
		(170,024,513)	—	—	(17,530,965)	—			
II)	Outstanding Receivables as on 31 st March	—	—	107,754,931	—	—			
		—	—	(23,978,034)	—	—			
III)	Outstanding Payables as on 31 st March	3,215,205	—	108,953	—	—			
		(28,776,355)	—	—	(1,316,627)	(4,515,758)			
IV)	Outstanding Guarantee taken as on 31 st March	150,000,000	—	—	—	—			
		—	—	—	—	—			
3	CONTINGENT LIABILITIES NOT PROVIDED FOR:								
	The Company has outstanding performance guarantee of Rs.43,338,820/- as on the Balance Sheet date, executed in favour of Assistant Commissioner of Customs (Previous Year Rs.43,338,820/-)								
4	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for is Rs.nil. (Previous year Rs.nil.)								

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5 IN THE OPINION OF THE DIRECTORS:

- a) The Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.
 b) The provision for depreciation and for all known liabilities are adequate and not in excess of the amount reasonably necessary.

6 PARTICULARS IN RESPECT OF LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION:

CLASS OF GOODS MANUFACTURED	Unit	LICENSED CAPACITY		INSTALLED CAPACITY		ACTUAL PRODUCTION	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
JEWELLERY	Kgs	N. A.	N.A.	N. A.	N. A.	221.50	166.94

7 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES :

	31.03.2010 Rupees	31.03.2009 Rupees
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	2,286,654	1,337,789
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

8 GENERAL DESCRIPTION OF DEFINED BENEFIT PLAN:

GRATUITY:

The Company makes annual contribution to the Employees' Group Gratuity-Cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement/death while in employment or on termination of employment of an amount equivalent to 15 days service for each completed year of service or part thereof depending on the date of joining. The benefit vests after five years of continuous service.

Assumptions	Gratuity Funded 31.03.2010 Rupees	Gratuity Funded 31.03.2009 Rupees
Reconciliation of opening and closing balances of the present value of the defined benefit Obligation:		
Present Value of obligation as at beginning of year	38,868	—
Current service cost	32,409	—
Interest cost	3,109	—
Actuarial (gain) / loss	(24,480)	—
Benefits paid	—	—
Present Value of obligation as at end of the year	49,906	38,868
Change in Plan assets		
Plan assets at period beginning , at fair value	81,811	—
Expected return on plan assets	7,363	—
Actuarial (gain) / loss	—	—
Contribution	—	81,811
Benefits paid	—	—
Fair value of Plan assets at end of the year	89,174	81,811
Fair Value of Plan Assets		
Fair Value of plan assets at beginning of year	81,811	—
Actual return on plan assets	7,363	—
Contributions	—	—
Benefits paid	—	—
Fair Value of plan assets at the end of year	89,174	—
Funded status	39,268	—
Excess of Actual over estimated return	217,616	—

Goldiam Jewellery Limited

Assumptions	Gratuity Funded 31.03.2010 Rupees	Gratuity Funded 31.03.2009 Rupees
The Amounts to be recognized in the balance sheet and statements of profit and loss		
Present value of obligations as at the end of year	49,906	
Fair value of plan assets as at the end of the year	89,174	81,811
Funded status	39,268	38,868
Net asset/(liability) recognized in balance sheet	(39,268)	42,943
Expenses for the year		
Current service cost	32,409	—
Interest cost on benefit obligation	3,109	—
Expected return on plan assets	(7,363)	—
Net actuarial (gain)/loss recognised in the year	(24,480)	—
Total Expenses recognised in the Profit and Loss Account	2,460	85,713
Assumptions	31 st March, 2010 Gratuity	31 st March, 2009 Gratuity
Discount Rate	8%	8%
Employee Turnover	4%	4%
Salary Escalation	4%	3%
Mortality	1994-96 LIC Mortality Table (Std.)	
The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.		
(l) Amounts recognised as an expense:		
(i) Defined Benefit Plan:		
Gratuity includes gratuity cost of Rs. 2,460/- (Previous Year Rs. 85,713/-).		
Leave Encashment Rs. 34,665/- (Previous Year Rs. 53,985/-).		
(ii) Defined Contribution Plan:		
Contribution to Provident Fund is Rs.47,688/- (Previous Year Rs. 50,200/-), ESIC and Labour Welfare Fund includes Rs. 32,227/- (Previous Year Rs. 25,873/-).		
9 FINANCIAL INSTRUMENTS / FORWARD CONTRACTS:		
The company has entered into following forward / derivative instruments :		
The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flow denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward and option contracts, where the counterparty is a Bank. The forward contracts or options are not used for trading or speculation purposes.		
Outstanding Forward Contract for hedging currency risk against Export Receivables entered into by the Company as on 31 st March, 2010 is US\$ 1.9 Million (Previous Year US\$ 2 Million), equivalent to Rs.90,502,250/- (Previous Year Rs.82,530,000/-).		
Unhedged foreign currency exposure :		
	31.03.2010	31.03.2009
Outstanding Receivables	USD 5,006,501.99	5,266,024.78
Outstanding creditors for goods and spares	USD 2,739,424.98	1,851,001.51
Outstanding creditors for goods and spares	EURO 3,042.57	—
Exchange Earner's Foreign Currency a/c with HSBC Bank	USD 794,290.41	123,272.77
Exchange Earner's Foreign Currency a/c with PNB Bank	USD 27,266.89	10,926.97
10 MANAGERIAL REMUNERATION:		
a) Computation of Managerial Remuneration in accordance with Section 349 read with Section 198 of the Companies Act, 1956		
Particulars	Amount (in Rs.)	Amount (in Rs.)
Profit as per Profit & Loss Account		57,562,373
Add: Directors' Remuneration (including perquisites)	6,370,172	
Provision for Wealth Tax	12,820	
		6,382,992
		63,945,365
Less: Short/Excess provision for taxation of earlier year written back		
Excess provision written back	7,312	
Provision for Deferred Tax	236,341	
		243,653
Profit on which commission is payable		63,701,712

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					Amount in Rupees
i) Managing Directors' Commission:					
1) Eligible Remuneration in terms of Section 309 of the Companies Act, 1956 @5% of Rs. 63,701,712					3,185,086
Less: Remuneration (excluding commission) paid					3,185,086
Balance Commission Payable					(0)
ii) Whole-time Directors' Commission:					
1) Eligible Remuneration in terms of Section 309 of the Companies Act, 1956 @5% of Rs. 63,701,712					3,185,086
Less: Remuneration (excluding commission) paid					3,185,086
Balance Commission Payable					(0)
b) Details of payment made to the Managing Directors and Directors : (Amount in Rupees)					
PARTICULARS	MANAGING DIRECTORS	WHOLE-TIME DIRECTOR	OTHER DIRECTORS	TOTAL 2009-10	TOTAL 2008-09
i) Salaries	2,881,099	3,185,086	—	6,066,185	4,200,000
ii) Perquisites	303,987	—	—	303,987	199,131
iii) Bonus	—	—	—	—	—
iv) Commission	—	—	—	—	5,832,385
v) Sitting Fees	—	—	25,000	25,000	—
TOTAL RS.	3,185,086	3,185,086	25,000	6,395,172	10,231,516
11. PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK :					
DETAILS OF RAW MATERIAL CONSUMED:					
		Quantity		Value in Rupees	
JEWELLERY DIVISION:					
Gold (Grams)		128,772.55		200,137,168	
		(95,068.22)		(110,764,902)	
Gold Findings (Grams)		2,438.80		5,045,616	
		(1,107.15)		(1,747,538)	
Platinum		10.52		14,549	
		—		—	
Silver		259.82		5,832	
		(17.07)		(334)	
Cut & Polished Diamonds (Carats)		31,018.59		272,460,331	
		(26,881.44)		(229,982,960)	
Gold Mountings		—		—	
		—		—	
Color Stone		9.24		3,248	
		(3.13)		(20,519)	
Silver Findings		1.25		1,287	
		—		—	
Semi Finished Jewellery		16.91		74,187	
		—		—	
Alloy (Grams)		145,600.10		925,034	
		(108,296.00)		(727,588)	

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11. PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK : (Cont.)

QUANTITATIVE DETAILS FOR THE YEAR ENDED ON 31ST MARCH, 2010

PARTICULARS	UNITS	OPENING STOCK		PURCHASE		IN HOUSE TRANSFER		SALES		CLOSING STOCK	
		QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees	QTY	VALUE Rupees
GOLD	GMS	11,566.71 (1,156.15)	17,187,452 (1,544,315)	125,726.18 (105,478.78)	197,162,587 (126,408,039)	—	—	—	—	8,520.34 (11,566.71)	14,212,871 (17,187,452)
SILVER	GMS	21.26	369	1,146.62 (38.33)	29,611 (703)	—	—	—	—	908.06 (21.26)	24,148 (369)
GOLD FINDINGS	GMS	265.49 (175.98)	295,996 (110,355)	2,743.04 (1,196.66)	5,797,683 (1,933,179)	—	—	—	—	569.73 (265.49)	1,048,063 (295,996)
PLATINUM	GMS	222.19	285,281	29.02 (222.19)	57,287 (285,281)	—	—	—	—	240.69 (222.19)	328,019 (285,281)
CUT & POLISHED DIAMONDS	CRTS	6,272.87 (4,673.73)	80,642,972 (40,824,226)	36,173.90 (28,480.58)	342,555,153 (269,801,706)	—	—	—	—	11,428.18 (6,272.87)	150,737,794 (80,642,972)
GOLD MOUNTING	GMS	—	—	—	—	—	—	—	—	—	—
COLOR STONE	CRTS	40.05	156,913	8.10 (43.18)	2,180 (136,394)	—	—	—	—	38.91 (40.05)	155,845 (156,913)
SILVER FINDINGS	GMS	—	—	80.06	7,203	—	—	—	—	78.81	5,916
SEMI FINISHED JEWELLERY	GMS	—	—	16.91	74,187	—	—	—	—	—	—
ALLOY	GMS	14,504.00 (23,000.00)	151,137 (106,547)	144,600.10 (99,800.00)	950,301 (772,178)	—	—	—	—	13,504.00 (14,504.00)	176,404 (151,137)
TOTAL			98,720,120 (42,585,443)		546,636,192 (399,337,830)						166,689,060 (98,720,120)
FINISHED GOODS :											
GOLD JEWELLERY	(KGS)	—	—	—	—	—	—	—	—	221.50 (166.94)	607,542,321 (484,688,422)
TOTAL										221.50 (166.94)	607,542,321 (484,688,422)

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12 VALUE OF IMPORTS ON C.I.F. BASIS:

PARTICULARS	2009-10 Rupees	2008-09 Rupees
1 Raw Materials	284,394,510	243,551,640
2 Consumable Stores	566,286	191,670
3 Capital Goods	—	—

13 EXPENDITURE IN FOREIGN CURRENCY:

	2009-10 Rupees	2008-09 Rupees
Foreign Travels	—	—
Others	91,534	133,849

14 EARNINGS IN FOREIGN EXCHANGE:

	2009-10 Rupees	2008-09 Rupees
F.O.B. Value of Exports	621,891,419	464,880,498

15 Value of imported raw materials consumed and the value of all indigenous raw materials similarly consumed and the percentage of each to the total consumption.

Particulars	Amount in Rupees		Percentage	
	2009-10	2008-09	2009-10	2008-09
1 Raw Materials				
A Imported	281,557,567	196,586,745	58.82%	57.28%
B Indigenous	197,109,685	146,616,408	41.18%	42.72%
2 Consumable Stores & Spares				
A Imported	578,950	212,665	43.27%	27.54%
B Indigenous	758,988	559,611	56.73%	72.46%

16 EMPLOYEE BENEFIT:

The Company has provided Gratuity and is liable to the employee for the benefit equivalent to 15 days / 26 days salary last drawn for each completed year of service depending on the date of joining. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service.

17 EARNING PER SHARE:

	2009-10	2008-09
Profit after Tax	57,562,373	92,184,681
Weighted Average no. of shares + potential shares outstanding	1000000	1000000
Earning per share (Basic)	57.56	92.18
Earning per share (Diluted)	57.56	92.18

18 The Deferred Tax Liability comprise of the following :

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Deferred Tax Liability relating to Fixed Assets	—	48,199
Deferred Tax Asset relating to Fixed Assets	173,246	—
Deferred Tax Asset relating to Leave Salary	14,896	—

19 Remuneration to Auditors:

Particulars	2009-10 Rupees	2008-09 Rupees
As Auditors	20,000	22,060
Tax Audit Fees	5,000	5,515
Total Rs.	25,000	27,575

20 There are no dues to Small Scale Industrial Undertakings.

21 Sales include Exchange Loss of Rs.16,218,045/- (Previous Year Exchange Gain of Rs. 22,926,592/-).

22 Previous Year figures have been rearranged or re-grouped, wherever necessary.

Signatures to the Schedules 1 to 13 forming part of the Balance Sheet and Profit and Loss Account.

As per our report of even date.

For Pulindra Patel & Co.
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 48991

Place : Mumbai
Date : 19th May, 2010

For and on behalf of the Board

Manhar R. Bhansali
Chairman

Rashesh M. Bhansali
Managing Director

Place : Mumbai
Date : 19th May, 2010

Goldiam Jewellery Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details :

Registration No.

State Code

Balance Sheet Date

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

Bonus Issue

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

SOURCES OF FUNDS

Paid-up Capital

Secured Loans

Deferred Tax Liability

APPLICATION OF FUNDS

Net Fixed Assets

Net Current Assets

Deferred assets

Reserves & Surplus

Unsecured Loans

Investments

Miscellaneous Expenditure

Accumulated losses

4. Performance of Company (Amount in Rs. Thousands)

Turnover

Profit before tax

Earning Per Share in Rs.

Total Expenditure

Profit after Tax

Dividend Rate %

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS

a) Item Code :

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Stockholder of Goldiam USA, Inc.:

We have reviewed the accompanying balance sheet of Goldiam USA, Inc. as of March 31, 2010, and the related statements of operations, accumulated deficit, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Goldiam USA, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying financial statements is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

PRAJAPATI ASSOCIATES LLP

Date: April 28, 2010

Certified Public Accountants

BALANCE SHEET March 31, 2010

	Amount US\$	Amount US\$
ASSETS		
Current assets		
Cash	63,486	
Accounts receivable, net of allowances for doubtful accounts and credits of \$ 10,000	496,877	
Inventories	2,543,893	
Prepaid expenses	22,287	
		3,126,543
Property and equipment , net of accumulated depreciation of \$ 17,629		31,346
Other assets		
Deposits		17,084
		3,174,973
LIABILITIES AND STOCKHOLDER'S DEFICIENCY		
Current liabilities		
Accounts payable	3,106,815	
Advance payments from customer	9,000	
Accrued expenses and taxes	66,985	
		3,182,800
Stockholder's deficiency		
Common stock, \$0.01 per value 1,000 shares authorised, 200 shares issued and outstanding	2	
Additional paid-in capital	179,998	
Accumulated deficit	(187,827)	
		(7,827)
		3,174,973

See accountants' review report and notes to financial statements.

Goldiam USA, Inc.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For the year ended March 31, 2010

	Amount US\$
Net sales	2,789,694
Cost of sales	2,498,367
Gross profit	<u>291,327</u>
Operating expenses	377,834
Loss from operations	<u>(86,507)</u>
Provision for income taxes	322
Net loss	(86,829)
Accumulated deficit - beginning	<u>(100,998)</u>
Accumulated deficit - end	<u><u>(187,827)</u></u>

See accountants' review report and notes to financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2010

	Amount US\$	Amount US\$
Cash flows from operating activities		
Net loss		(86,829)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	11,997	
Changes in assets and liabilities :		
Accounts receivable	(360,134)	
Inventories	(1,194,706)	
Prepaid expenses	(5,395)	
Accounts payable	1,630,178	
Advance payments from customer	9,000	
Accrued expenses and taxes	<u>57,989</u>	
Net cash provided by operating activities		<u>148,929</u> 62,100
Cash flows from investing activities		—
Cash flows from financing activities		—
Net change in cash		<u>62,100</u>
Cash at beginning		<u>1,386</u>
Cash at end		<u><u>63,486</u></u>
Supplemental disclosure of cash flows information		
Cash paid for interest		—
Cash paid for income taxes		322

See accountants' review report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2010

Note 1 Organization and nature of business

Goldiam USA, Inc. (the "Company") is a wholly owned subsidiary of Goldiam International Limited, a company based in India. The Company was incorporated in the State of New York on July 31, 2008. The Company is an importer and wholesaler of diamonds and jewelry whose customers are located primarily throughout the United States of America.

Note 2 Summary of significant accounting policies

Basis of accounting

The Company's accounting policies are in accordance with accounting principles generally accepted in the United States of America. Outlined below are those policies considered particularly significant.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that could affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Concentration of credit risk

Financial instruments, which potentially subject the company to significant concentrations of credit risk, include cash and accounts receivable. The Company hold no collateral for these financial instruments. The Company maintains cash in financial institutions that are insured by the Federal Deposit Insurance Corporation up to a specified amount. Such cash balances at times may exceed these limits. To minimize its credit risk with respect to accounts receivable, management monitors the creditworthiness of the customers and reviews the outstanding receivables at period end, as well as establishes an allowance for doubtful accounts as deemed necessary.

Accounts receivable

Accounts receivable are stated at original amount less allowances for doubtful accounts and credits. The allowances for doubtful accounts and credits are determined through an analysis of the aging of accounts receivable at the date of the financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions.

Inventories

Inventories are stated at the lower of cost or market, with cost being determined under the FIFO (First-in, First-out) method.

Property, plant and equipment

Property, plant and equipment are reflected at cost. Depreciation is provided using the straight-line or an accelerated method over the estimated useful lives of the assets. Repairs and maintenance are expensed when incurred.

Long-lived assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used whenever events and circumstances indicate that the carrying value of the asset may no longer be recoverable. An impairment loss, measured based on the fair value of the asset, is recognised if expected future undiscounted cash flows are less than the carrying value of the assets.

Revenue recognition

Sales are recorded when merchandise is shipped and title and risk of loss are transferred to customers. Sales is recorded net of estimated discounts, returns and allowances which are estimated based on historic trends and an evaluation of current economic conditions.

Advertising and promotional expenses

Advertising and promotional expenses are expensed during the year in which they are incurred. For the year ended March 31, 2010, advertising and promotional expenses amounted to US\$ 18,729.

Shipping and handling costs

The Company includes shipping and handling costs associated with outbound freight in operating expenses. For the year ended March 31, 2010, shipping and handling costs amounted to US\$ 22,732.

Income taxes

The Company provides for income taxes based on differences between the financial statement and tax bases of assets and liabilities at enacted rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realised.

As of April 1, 2009, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes". The Company does not believe it has any uncertain tax positions that would qualify for either recognition or disclosure in the financial statements.

New authoritative accounting pronouncements

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events". SFAS 165 establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. The Company adopted SFAS No. 165 on March 31, 2010.

Goldiam USA, Inc.

The Company evaluated the need for disclosure and / or additional adjustments resulting from subsequent events through April 28, 2010, the date the financial statements were available to be issued. The Company did not identify any further subsequent events that required disclosure and /or adjustments in the financial statements.

The Company does not anticipate the adoption of other recently issued accounting pronouncements to have a significant impact on the Company's financial statements.

Note 3 Inventories

At March 31, 2010, inventories of US\$ 2,543,893 consisted of loose diamonds, work-in-process and finished jewelry.

Note 4 Property and equipment

At March 31, 2009, property and equipment consisted of the following :

Furniture and equipment	US\$ 48,975
Less : accumulated depreciation	US\$ 17,629
	<u>US\$ 31,346</u>

Note 5 Income taxes

For the year ended March 31, 2010, the net provision for income taxes of US\$ 322 consisted of the following:

	Federal	State and Local	Total
Current	US\$ —	US\$ 322	US\$ 322
Deferred	—	—	—
	<u>US\$ —</u>	<u>US\$ 322</u>	<u>US\$ 322</u>

At March 31, 2010, the significant components of the net deferred tax assets and liabilities were the allowances for doubtful accounts and credits, differences between

the book and tax bases of property and equipment and net operating loss carry forwards, which were offset in full by a valuation allowance. At March 31, 2010, the Company had approximately US\$180,000 of net operating loss carry forwards for income tax purposes. These losses are available to offset future taxable income and expire at various dates.

Note 6 Related party transactions and balances

In the ordinary course of business, the Company had the following related party transactions and balances :

Net sales	US\$ 664,027
Net purchases	US\$ 3,285,578
Accounts receivable	US\$ 299,359
Accounts payable	US\$ 2,649,804

Note 7 Lease

The Company is obligated under a long-term operating lease for the rental of office space, which expires on September 30, 2011. In addition to minimum rental payments, the lease requires payment of various expenses incidental to the use of property. For the year ended March 31, 2010, rent expense amounted to US\$ 32,861.

At March 31, 2010, the future minimum rental commitments were as follows :

March 31, 2011	US\$ 34,168
September 30, 2011	US\$ 17,084
	<u>US\$ 51,252</u>

Note 8 Major customers and vendors

For the year ended March 31, 2010, sales to three customers represented approximately 51% of net sales and purchases from two vendors represented approximately 88% of net purchases.

STATEMENT OF OPERATING EXPENSES

For the year ended March 31, 2010

	Amount US\$
Operating expenses	
Salaries	130,000
Payroll taxes	10,771
Payroll processing charges	2,186
Rent and utilities	34,629
Telephone	10,090
Trade shows	27,418
Shipping expenses	22,732
Insurance	5,179
Travel	40,628
Advertising and promotional expenses	18,729
Office supplies and expenses	7,834
Designing charges	1,200
Computer software expenses	1,156
Dues and subscriptions	4,914
Security system expenses	2,594
Professional fees	45,777
Depreciation	11,997
	<u>377,834</u>

See accountants' review report and notes to financial statements.

AUDITORS' REPORT

TO THE MEMBERS OF GOLDIAM USA, INC.

We have audited the attached Balance Sheet of GOLDIAM USA, INC. (Company Incorporated out of India) as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

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 mis-statement. 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.

This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion, proper books of accounts 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- ii) In the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Pulindra Patel & Co.
Chartered Accountants

PULINDRA M. PATEL
Proprietor
Membership No. 48991

Place: Mumbai
Date: 28th May, 2010

Goldiam USA, Inc.

BALANCE SHEET AS ON 31ST MARCH, 2010

	Sch No.	As on 31 st March, 2010		As on 31 st March, 2009	
		Rupees	Rupees	Rupees	Rupees
I SOURCES OF FUNDS:					
1 SHAREHOLDERS FUND:					
a) SHARE CAPITAL	1	102		102	
b) RESERVES AND SURPLUS	2	9,170,898		9,170,898	
			9,171,000		9,171,000
2 LOAN FUNDS :					
a) SECURED LOANS		—		—	
b) UNSECURED LOANS		—		—	
			—		—
TOTAL Rs.		9,171,000		9,171,000	
II APPLICATION OF FUNDS :					
1 FIXED ASSETS					
GROSS BLOCK	3	2,495,276		2,495,276	
LESS : DEPRECIATION		828,495		286,950	
NET BLOCK			1,666,781		2,208,326
2 INVESTMENTS					
			—		—
3 TRANSLATION RESERVES					
			498,478		7,274,841
4 CURRENT ASSETS, LOANS AND ADVANCES					
a) INVENTORIES		114,831,340		61,946,504	
b) SUNDRY DEBTORS		22,065,922		6,967,056	
c) CASH AND BANK BALANCES		2,865,779		70,617	
d) LOANS AND ADVANCES		1,777,187		1,731,077	
		141,540,228		70,715,254	
5 CURRENT LIABILITIES AND PROVISIONS					
a) CURRENT LIABILITIES	5	143,671,592		75,693,001	
b) PROVISIONS		—		—	
		143,671,592		75,693,001	
NET CURRENT ASSETS			(2,131,364)		(4,977,747)
PROFIT AND LOSS ACCOUNT	6		9,137,105		4,665,580
TOTAL Rs.			9,171,000		9,171,000
NOTES ON ACCOUNTS					
	9				

Schedules referred to above form an integral part of Balance Sheet

As per our report of even date

For **Pulindra Patel & Co.**

Chartered Accountants

For and on behalf of the Board

Pulindra M. Patel

Proprietor

Membership No. 48991

Place : Mumbai

Date : 28th May, 2010

Rashesh M. Bhansali

Director

Place : Mumbai

Date : 28th May, 2010

Annual Report 2009-2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Sch No.	For the year ended 31.03.2010 Rupees	For the period ended 31.03.2009 Rupees
I INCOME :			
SALES		125,549,923	25,661,398
INCREASE / DECREASE IN STOCK	7	52,884,836	61,946,504
TOTAL Rs.		<u>178,434,760</u>	<u>87,607,903</u>
II EXPENDITURE :			
PURCHASE OF FINISHED GOODS		165,001,460	84,384,973
EMPLOYEES' COST		6,164,604	2,984,407
ADMINISTRATIVE, SELLING & OTHER EXPENSES	8	11,183,407	4,575,830
DEPRECIATION	3	541,545	286,950
TOTAL Rs.		<u>182,891,015</u>	<u>92,232,161</u>
III PROFIT :			
PROFIT / (LOSS) BEFORE TAX		(4,456,256)	(4,624,258)
LESS : PROVISION FOR TAXATION		—	—
CURRENT TAX		15,269	41,323
PROFIT / (LOSS) AFTER TAX		(4,471,525)	(4,665,580)
BALANCE BROUGHT FORWARD		(4,665,580)	(4,665,580)
PROFIT / (LOSS) AVAILABLE FOR APPROPRIATION		(9,137,105)	(9,331,160)
BALANCE CARRIED FORWARD TO BALANCE SHEET		(9,137,105)	(9,331,160)
TOTAL Rs.		<u>(9,137,105)</u>	<u>(9,331,160)</u>
NOTES ON ACCOUNTS			
Earning Per Share (Face Value US\$ 0.01)	9		
Basic		(22,358)	(23,328)
Diluted		(22,358)	(23,328)

Schedules referred to above form an integral part of Profit and Loss Account

As per our report of even date

For **Pulindra Patel & Co.**
Chartered Accountants

For and on behalf of the Board

Pulindra M. Patel
Proprietor
Membership No. 48991
Place : Mumbai
Date : 28th May, 2010

Rashesh M. Bhansali
Director
Place : Mumbai
Date : 28th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10 Rupees	2008-09 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	(4,456,258)	(4,624,258)
ADJUSTMENT FOR:		
Depreciation (Schedule 3)	541,545	286,950
Allowance for Doubtful Debts	—	509,500
Tranlation Reserve	6,776,364	(7,274,841)
Provision For Tax	(15,269)	(41,323)
	<u>7,302,639</u>	<u>(6,519,714)</u>
	2,846,381	(11,143,972)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
ADJUSTMENT FOR:		
Trade and other Receivable	15,098,866	(9,207,631)
Inventories	52,884,836	(61,946,504)
Trade Payable	(67,993,598)	75,693,001
	<u>(9,896)</u>	<u>4,538,866</u>
CASH GENERATED FROM OPERATIONS	2,836,486	(6,605,106)
Direct Taxes Paid	(41,323)	—
CASH FLOW BEFORE EXTRAORDINARY ITEMS	2,795,163	(6,605,106)
NET CASH FROM OPERATING ACTIVITIES		
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	—	(2,495,276)
NET CASH USED IN INVESTING ACTIVITIES	—	(2,495,276)
	<u>2,795,163</u>	<u>(9,100,382)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital including Security premium	—	9,171,000
NET CASH USED IN FINANCING ACTIVITIES	—	9,171,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,795,163	70,617
CASH AND CASH EQUIVALENTS AS AT 01.04.09	70,617	—
CASH AND CASH EQUIVALENTS AS AT 31.03.10	2,865,779	70,617

For **Pulindra Patel & Co.**
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 48991

Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Rashesh M. Bhansali
Director

Place : Mumbai
Date : 28th May, 2010

Annual Report 2009-2010

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2010

	As on 31 st March, 2010		As on 31 st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "1"				
SHARE CAPITAL :				
AUTHORISED CAPITAL				
1000 Equity Shares of US\$ 0.01 value each		500		500
Total Rs.		<u>500</u>		<u>500</u>
ISSUED CAPITAL				
200 Equity Shares of US\$ 0.01 value each		102		102
Total Rs.		<u>102</u>		<u>102</u>
Subscribed and Paid up Capital				
200 Equity Shares of US\$ 0.01 value each		102		102
Total Rs.		<u>102</u>		<u>102</u>

Note : [of the above 200 Equity shares (Previous Year Nil) are held by Holding Company Goldiam International Limited]

SCHEDULE "2"				
RESERVES AND SURPLUS :				
Securities Premium				
Opening Balance		9,170,898		—
Add : Received during the year		—	9,170,898	
Total Rs.		<u>9,170,898</u>		<u>9,170,898</u>

SCHEDULE "3" FIXED ASSETS : (Amount in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Opening Balance	Addition	Deduction	Cost as on 31.03.2010	Opening Depreciation	For the Period	Deduction	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Furniture & Fixtures	2,495,276	—		—	2,495,276	286,950	541,545	828,495	1,666,781	2,208,326
Total Rs.	2,495,276	—		2,495,276	286,950	541,545	—	828,495	1,666,781	2,208,326
Figures of Previous year	—	2,495,276	—	2,495,276	—	286,950	—	286,950	2,208,326	—

	As on 31 st March, 2010		As on 31 st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "4"				
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS :				
a) INVENTORIES				
Finished Goods (at cost or net realizable value whichever is less)		114,831,340	61,946,504	
		<u>114,831,340</u>		61,946,504
b) SUNDRY DEBTORS				
(Unsecured, considered good)				
Outstanding for a period exceeding six month		159,119	—	
Other Debts		<u>21,906,803</u>	6,967,056	
		<u>22,065,922</u>		6,967,056
c) CASH AND BANK BALANCES				
Cash on Hand		—	70,617	70,617
Balance with Schedule & Unscheduled Bank in Current Accounts		<u>2,865,779</u>	—	
		<u>2,865,779</u>		70,617
d) LOANS AND ADVANCES				
(Advances recoverable in cash or in kind or for value to be received)				
Loans and Advances		1,006,015	860,647	
Security & Other Deposit		<u>771,172</u>	870,430	
		<u>1,777,187</u>		1,731,077
Total Rs.		<u>141,540,228</u>		<u>70,715,254</u>

Goldiam USA, Inc.

SCHEDULE "5"				
CURRENT LIABILITIES AND PROVISIONS :				
	As on 31st March, 2010		As on 31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
a) CURRENT LIABILITIES				
Sundry Creditors :				
Sundry Creditors for goods	140,647,889		75,234,655	
Sundry Creditors for Expenses	3,008,434		458,346	
		143,656,323		75,693,001
Provision for Tax		15,269		—
Total Rs.		143,671,592		75,693,001
SCHEDULE "6"				
PROFIT AND LOSS A/C :				
Opening Balance	4,665,580		—	
Add : Loss during the year	4,471,527		4,665,580	
		9,137,107		4,665,580
Total Rs.		9,137,107		4,665,580
SCHEDULES FORMING PART OF THE PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH, 2010				
PARTICULARS				
	For the year ended 31.03.2010		For the period ended 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE : "7"				
INCREASE / DECREASE IN STOCK :				
Closing Stock :				
Finished Goods	114,831,340		61,946,504	
		114,831,340		61,946,504
Less : Opening Stock				
Finished Goods	61,946,504		—	
		61,946,504		—
Total Rs.		52,884,836		61,946,504
SCHEDULE : "8"				
ADMINISTRATIVE & OTHER EXPENSES :				
Payroll Taxes	614,413		302,481	
Rent	1,642,066		784,394	
Telephone	478,490		193,344	
Exhibition expenses	1,300,173		312,215	
Shipping expenses	1,077,922		496,284	
Insurance	245,596		86,777	
Travelling expenses	1,926,562		292,196	
Office expenses	340,251		252,573	
Computer Software expenses	54,813		98,761	
Membership & Subscription	233,032		92,884	
Security System expenses	123,026		54,638	
Professional Fees	1,716,604		1,218,281	
Repairs & Maintenance	—		104,454	
Bank Charges	31,259		—	
Printing & Stationery	—		56,979	
Marketing & Sales Promotion	888,132		—	
Bad debts	—		229,570	
Legal expenses	454,163		—	
Designing expenses	56,904		—	
		11,183,407		4,575,830
Total Rs.		11,183,407		4,575,830

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES :

A) BASIS OF PREPARATION OF ACCOUNTS :

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, mandatory Accounting standards notified by the Companies (Accounting Standard) Rule, 2006 and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under historical cost.

The Accounts have been prepared on the basis of the Independent Accountants' Review Report Received from Prajapati Associates LLP, while preparing Accounts relevance have been kept on the certificate provided by the management.

B) FIXED ASSETS :

Tangible Fixed Assets are stated at cost. They are stated at historical cost less accumulated depreciation.

C) DEPRECIATION :

Depreciation on Fixed Assets is provided on Straight Line method over the estimated useful lives of the assets.

D) IMPAIRMENT OF ASSETS :

- i) The carrying amounts of assets are reviewed periodically for indicators of impairment based on internal / external factors. An Impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.
- ii) After Impairment, depreciation is provided on the revised carrying amount of the assets.
- iii) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

E) INVENTORIES :

- i) Inventories are valued at cost or at net realisable value whichever is lower determined on First in First out Method.

F) REVENUE RECOGNITION :

Sales are recorded when merchandise is shipped and title and risk of loss are transferred to customers. Sales is recorded net of estimated discounts and allowances which are estimated based on historic trends and an evaluation of current economic condition.

G) LEASE :

The Company is obligated under a long-term operating lease for the rental of office space, which expires on September, 2011. In addition to minimum rental payments, the lease required payment of various expenses incidental to the use of property.

H) EARNING PER SHARE :

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to

equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

I) PROVISION FOR CURRENT AND DEFERRED TAX:

Tax expenses comprise of Current Tax.

Deferred income tax reflects the impact of current year timing differences between taxable income / losses and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be setoff.

J) SEGMENT INFORMATION :

The Company has one business segment viz. Jewellery Marketing.

K) PROVISIONS / CONTINGENCIES :

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

2 Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.nil. (Previous year Rs.nil.)

3 IN THE OPINION OF THE DIRECTORS:

- a) The Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.
- b) The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

4 QUANTITATIVE DETAILS :

	Opening Stock	Purchase	Sales / Returns	Closing Stock
JEWELLERY	7103 (—)	10287 (9224)	8565 (2121)	8825 (7103)

Goldiam USA, Inc.

5 Related party disclosures :

1) List of related parties and relationship where control exists or with whom transactions were entered into :

Name of the Related Party	Relationship
Holding Company	Goldiam International Limited
Fellow subsidiary	Goldiam Jewels Limited
	Goldiam Jewellery Limited
	Goldiam HK Limited (upto 22.07.2009)
Joint Venture of Holding Company	Goldiam HK Limited (from 23.07.2009)

Sr. No.	Nature of Transaction	Holding Company		Fellow Subsidiary		Joint Venture of Holding Company	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
i)	Investment in Capital (Issue of Shares)	—	7,200,000	—	—	—	—
ii)	Sale of goods	15,480,945	2,071,026	7,322,449	—	—	—
iii)	Purchase of goods	19,715,838	31,704,477	133,994,479	24,167,032	—	—
I)	Outstanding Receivables as on 31 st March	13,592,125	1,656,365	520,401	—	—	—
II)	Outstanding Payables as on 31 st March	12,864,449	18,307,176	111,649,913	33,596,807	—	—

Sr. No.	Nature of Transaction	Holding Company		Fellow Subsidiary		Joint Venture of Holding Company	
		Goldiam International Limited	Goldiam Jewels Limited	Goldiam Jewellery Limited	Goldiam HK Limited	Goldiam HK Limited	
i)	Investment in Capital (Issue of Shares)	—	—	—	—	—	
		(7,200,000)	(—)	(—)	(—)	(—)	
ii)	Sale of goods	15,480,945	411,448	4,640,389	2,270,612	—	
		(2,071,026)	(—)	(—)	(—)	(—)	
iii)	Purchase of Goods	19,715,838	7,335,934	126,658,545	—	—	
		(31,704,477)	(188,998)	(23,978,034)	(9,429,775)	(—)	
I)	Outstanding Receivables as on 31 st March	13,592,125	411,448	108,953	—	—	
		(1,656,365)	(—)	(—)	(—)	(—)	
II)	Outstanding Payables as on 31 st March	12,864,449	3,894,982	107,754,931	—	—	
		(18,307,176)	(188,998)	(23,978,034)	(9,429,775)	(—)	

6 EARNING PER SHARE :

Particulars	2009-2010	2008-2009
Profit after Tax	(4,471,527)	(4,665,580)
Weighted Avg. no. of shares+ potential shares outstanding	200	200
Earning per share (Basic)	(22,358)	(23,328)
Earning per share (Diluted)	(22,358)	(23,328)

7 Remuneration to Auditors:

Particulars	2009-2010	2008-2009
As Auditors	142,260	152,850
Total Rs.	142,260	152,850

8 The Functional currency of the Company is US Dollar. In preparing Financial statement all monetary and non-monetary assets and liabilities are translated using exchange rate as at the Balance sheet date. Cost and Expenses are translated using average of Exchange rates during the reporting period.

9 Previous Year figures have not been provided as this being the first year of operations.

As per our report of even date
For **Pulindra Patel & Co.**
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 48991
Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Rashesh M. Bhansali
Director

Place : Mumbai
Date : 28th May, 2010

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

1. Balance Sheet Date

2. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue
 N I L

Bonus Issue
 N I L

3. DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities
 9 1 7 1 . 0 0

Total Assets
 9 1 7 1 . 0 0

SOURCES OF FUNDS

Paid-up Capital
 0 . 0 1

Reserves & Surplus
 9 1 7 0 . 9 0

Secured Loans
 N I L

Unsecured Loans
 N I L

Deferred Tax Liability
 N I L

APPLICATION OF FUNDS

Net Fixed Assets
 1 6 6 6 . 7 8

Investments
 N I L

Deferred Tax assets
 N I L

Translation Reserves
 4 9 8 . 4 8

Net Current Assets
 (2 1 3 1 . 3 6)

Miscellaneous Expenditure
 N I L

Accumulated Losses
 9 1 3 7 . 1 1

4. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover / Income
 1 2 5 5 4 9 . 9 2

Total Expenditure
 1 3 0 0 0 6 . 1 8

Profit before tax
 (4 4 5 6 . 2 6)

Profit after Tax
 (4 4 7 1 . 5 3)

Earning Per Share in Rs.
 (2 2 3 5 7 . 6 3)

Dividend Rate %
 0 0

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS

a) Item Code : J E W E L L E R Y

REPORT OF AUDITING COMPANY AF "DOBRININ AND CO" LTD. TO THE EXECUTIVE AUTHORITY OF "TIARA JEWELS" LTD.

1. We have conducted the audit of financial statements, pertaining to "Tiara Jewels" Ltd. for the period ended on 31st March, 2010.

Constitutive documents, contracts with Contractors, cash reports, quarterly and annual taxation and financial statements, purchase and sales ledgers were subjected to complete checking. Remaining documents were subjected to selective checking, which include the following: reports for rendered services, way bills, invoices, advance statements, wage payment and salary accounting documents, material write-off documents etc.

Accounting and tax ledgers were checked.

2. While planning and conducting the financial audit, specified in the first paragraph of present section, we have inspected the internal checking level at "Tiara Jewels" Ltd. Responsibility for organization and level of internal checking lies on the executive authority of "Tiara Jewels" Ltd.
3. We have inspected the internal checking level exclusively for determining the amount of works, required for making the auditor's conclusion about the authenticity of financial statements. The performed works during the audit don't mean that a complete and end-to-end checking of the internal control system of "Tiara Jewels" has been conducted with an aim to identify all the possible shortcomings.
4. During the audit, we haven't identified any facts, based on which one may draw a conclusion about the non-compliance of internal

control system of "Tiara Jewels" Ltd. considering the scope and nature of its activities.

5. Our opinion about the authenticity of financials, specified in first paragraph of present section, is mentioned in the subsequent portion of auditor's conclusion. We haven't identified any serious violations against the established financial accounting procedure and preparation of financial statements, which may substantially affect the authenticity of financial statements.
6. While conducting the financial audit, specified in first paragraph of present section, we have checked whether the "Tiara Jewels" Ltd. is following the Russian Federation legislation, applicable while executing financial & economic operations. Responsibility for following the Russian Federation legislation, applicable while executing financial & economic operations, lies on the executive authority of "Tiara Jewels" Ltd.
7. We have checked the compliance of a number of financial-and-economic operations, executed by "Tiara Jewels" Ltd., to the applicable legislation inclusively so as to get sufficient confidence about the fact that the financial accounting doesn't have any material misstatements. However, the purpose of financial accounting audit, conducted by us, was not to express any opinion about total compliance of "Tiara Jewels" Ltd. activities to the legislation. Hence, we are not expressing any such opinion.
8. Results of the checks, conducted by us, show that the inspected financial-and-economic activities were carried out by "Tiara Jewels" Ltd. in all material respects in accordance with the legislation, specified in the previous paragraph of present section.

CONCLUSION OF AUDITOR'S COMPANY TO THE MEMBERS OF "TIARA JEWELS LTD." ABOUT FINANCIAL STATEMENTS OF "TIARA JEWELS" LTD. FOR THE PERIOD ENDED AS ON 31st MARCH, 2010.

1. We have conducted the audit of enclosed financial statements of "Tiara Jewels" Ltd. for the period ended as on 31st March, 2010.

Financial statements of "Tiara Jewels" Ltd. consist of:

- balance sheet;
- profit & loss statement.

Present statements were prepared by the executive authority of "Tiara Jewels" Ltd. based on the Federal Law of Russian Federation, No.129-FZ "for financial accounting", dated 21st November 1996 (Passed by the State Duma (Council) on 23rd February 1996, approved by the Board of Federation on 20th March 1996).

2. Responsibility for preparing the present statements lies on the executive authority of "Tiara Jewels" Ltd. Our duty is to express an opinion about the authenticity of present statements in all material respects and the compliance of financial accounting procedure to the legislation of Russian Federation based on the conducted audit.
3. We performed the audit in accordance with:
- Federal law "for auditing activities";
 - federal rules (standards) for auditing activities;
 - Internal rules (standards) for auditing activities of "Tiara Jewels" Ltd.

Audit was planned and conducted in such a way, so as to obtain a reasonable confidence about the fact that the financial statements do not contain any material misstatements. Audit was conducted selectively and it contained the analysis based on the testing of evidences that confirm index numbers in financial statements and

disclosure of information in them about financial-and-economic activities, assessment about the observance of principles and rules of financial accounting, used during the preparation of financial statements, examination of main evaluation indices, obtained by the management of Auditee, and also the evaluation of financial statement presentations. We assume that the conducted audit provides sufficient grounds for expressing our opinion about the authenticity of financial statements and compliance of financial accounting procedure to the legislation of Russian Federation.

Minor violations in financial accounting procedure and in the preparation of financial statements were identified during the checking. These violations are mentioned in the research note, which is an Enclosure to the present conclusion.

The nature of errors is not systematic, and their size doesn't exceed the materiality guideline, set for present organization.

In our opinion, the financial statements, attached to the present Conclusion, with corrections that are mentioned in the enclosure to present Conclusion and are to be reflected in the financial statements for the period ended on 31st March, 2010 - are authentic, i.e. they are prepared in such a way, so as to ensure the reflection of assets and liabilities of "Tiara Jewels" Ltd. in all material respects as of 1st January 2009 and the financial results of its activities for the year ended March, 31st 2010 based on the Federal Law of Russian Federation, No.129-FZ "For financial accounting", dated 21st November 1996 (Passed by the State Duma (Council) on 23rd February 1996, approved by the Board of Federation on 20th March 1996).

Managing Director of auditing company
AF "Dobrinin and Co" Ltd. Place for Seal) (Dobrinin A.V.)
Auditor (Ignatkova M.V)
10th May 2010

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BALANCE SHEET AS ON 31ST MARCH, 2010

Organization "OOO Tiara Jewels" _____ as per OKUD
 Tax Payer Id. _____ as per OKPO
 Type of activity **wholesale trade of Jewelry** _____ as per OKVED
 Business legal structure / Ownership pattern
Limited Liability _____ as per OKOPF/OKFS
Company
 Unit of measurement **Rubles (in thousands)** _____ as per OKEI
 Location (Address)
105120, Moscow, street – Verkhnyaya Siromyatnicheskaya, H.No.2

CODES	
0710001	
2010 3 31	
84832556	
7736572634	
51.7	
65	27
384	

Date of approval 31-3-2010
 Date of dispatch / receipt 31-3-2010

ASSETS	Indication code	At the beginning of financial year	At the end of financial year
1	2	3	4
I. Fixed assets			
Intangible assets	110	—	—
Capital assets	120	—	46
Uncompleted construction works	130	97	—
Income yielding investments into tangible assets	135	—	—
Long-term financial investments	140	—	—
Deferred tax assets	145	—	112
Other fixed assets	150	—	—
Total for section I	190	97	158
II. Current assets			
Supplies	210	1622	—
including:			
raw material, materials and other similar valuables	211	71	—
rears and fatteners	212	—	—
costs for uncompleted production	213	—	—
finished products and goods for resale	214	—	313
goods delivered	215	—	1540
expenditures for future periods	216	1551	—
other supplies and expenditures	217	—	—
Input value added tax	220	—	13
Accounts receivable (payments of which are expected after more than 12 months from the balance sheet date)	230	—	—
including:			
buyers and customers	231	—	—
Accounts receivable (payments of which are expected within 12 months from the balance sheet date)	240	—	1025
including:			
buyers and customers	241	—	—
Short-term financial investments	250	—	—
Cash assets	260	130	953
Other current assets	270	—	—
Total for section II	290	1752	3843
BALANCE (total for lines 190 + 290)	300	1849	4000

000 Tiara Jewels

LIABILITIES	Line code	At the beginning of financial year	At the end of financial year
1	2	3	4
III. Capital and reserves			
Charter capital	410	10	10
Owned assets, purchased from shareholders	411	—	—
Surplus	420	—	—
Capital reserves	430	—	—
including:			
surplus (reserve) funds, formed in accordance with legislation	431	—	—
reserves, formed in accordance with constitutive documents.	432	—	—
Undistributed profit (uncovered loss)	470	(61)	167
Total for section III	490	(61)	176
IV. Long-term liabilities			
Borrowings	510	—	2965
Deferred tax liabilities	515	—	9
Other long-term liabilities	520	—	—
Total for section IV	590	1900	2974
V. Short-term liabilities			
Borrowings	610	—	—
Payables	620	—	518
including:			
suppliers and contractors	621	—	370
staff payable	622	—	70
payable to State non-budgetary funds	623	—	47
tax payable	624	—	31
other payables	625	—	333
Dividends payable	630	—	—
Unearned revenues	640	—	—
Reserves for future expenses	650	—	—
Other short-term liabilities	660	—	—
Total for section V	690	—	851
BALANCE (total for lines 490 + 590 + 690)	700	1849	4000
CERTIFICATE FOR VALUABLES, ACCOUNTED IN OFF BALANCE SHEET ACCOUNTS			
Leased fixed assets	910	—	—
including the lease value	911	—	—
Goods and materials accepted for custody	920	—	—
Goods accepted on commission	930	—	—
Bad debt write-off	940	—	—
Securities received for obligations and payments	950	—	—
Securities given for obligations and payments	960	—	—
Depreciation of housing funds	970	—	—
Depreciation of land improvement facilities and other similar facilities	980	—	—
Intangible assets, received for usage	990	—	—
Executive head	<u>SARIN GIRISH</u> (Name)	Chief accountant	<u>SARIN GIRISH</u> (Name)
10 th May 2010			

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PROFIT & LOSS STATEMENT FOR THE PERIOD JANUARY 2009 - MARCH 2010

Organization "OOO Tiara Jewels" as per OKUD
 Tax Payer Id. _____ as per OKPO
 Type of activity **wholesale trade of Jewelry** as per OKVED
 Business legal structure / Ownership pattern
Limited Liability as per OKOPF/OKFS
Company
 Unit of measurement **Rubles (in thousands)** as per OKEI

CODES	
0710002	
2010 3 31	
84832556	
7736572634	
51.7	
65	27
384	

Factor		For the accounting period	For the same period of preceding year
Description	code		
1	2	3	4
Income & expenditures for general activities			
Proceeds (net) from sales of goods, products, works, services (minus value added tax, excise duties and similar mandatory payments)	010	1493	185
Cost price of sold goods, products, works, services	020	(337)	—
Exchange profit	029	1156	185
Commercial expenditures	030	(704)	(246)
Management expenses	040	—	—
Profit (loss) from sales	050	452	(61)
Other income and expenditures			
Interest receivable	060	—	—
Outstanding [due] interest	070	(333)	—
Income from stake in other organizations	080	—	—
Other income	090	146	—
Other expenditures	100	(46)	—
Profit (loss) before taxation	140	219	(61)
Deferred tax assets	141	(112)	—
Deferred tax liabilities	142	9	—
Current profit tax	150	112	—
	180	—	—
Net profit (loss) for the accounting period	190	228	(61)
REFERENCE:			
Constant Tax Liabilities	200	—	—
Basic earnings (loss) per share	201	—	—
Diluted earnings (loss) per share	202	—	—

INTERPRETATION OF INDIVIDUAL PROFITS AND LOSSES

Factor	Code	For the accounting period		For the same period of preceding year	
		Profit	Loss	Profit	Loss
Description	2	3	4	5	6
1	2	3	4	5	6
Fines, penalties and forfeits, admitted or for which a recovery judgment has been given by the court (arbitration court)	210	—	—	—	—
Profit (loss) of previous years	220	—	—	—	—
Compensation for damages, caused by the non-execution or improper execution of obligations	230	—	—	—	—
Exchange rate differences for the operations in foreign currency	240	144	29	—	—
Allocations to valuation reserves	250	—	—	—	—
Writing-off of receivable and payables, for which limitation of actions has been expired.	260	—	—	—	—
	270	—	—	—	—

Executive head

SARIN GIRISH
(Name)

Chief accountant

SARIN GIRISH
(Name)

10th May 2010

AUDITORS' REPORT

TO THE MEMBERS OF 000 TIARA JEWELS

We have audited the attached Balance Sheet of 000 TIARA JEWELS. (Company Incorporated out of India) as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

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 mis-statement. 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.

This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of section 227(4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion, proper books of accounts 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- ii) in the case of Profit and Loss Account, of the profit of the Company for the period ended on that date ; and
- iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Pulindra Patel & Co.**
Chartered Accountants

PULINDRA M. PATEL
Proprietor
Membership No. 48991

Place: Mumbai
Date: 28th May, 2010

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BALANCE SHEET AS AT 31ST MARCH, 2010

	Sch No.	As at 31.03.2010		As at
		Rupees	Rupees	31.12.2008 Rupees
I) SOURCES OF FUNDS :				
SHAREHOLDERS FUNDS :				
a) Share Capital	1	15,015		15,015
b) Reserve & Surplus		<u>273,564</u>		<u>—</u>
			288,579	15,015
2) LOAN FUNDS				
Unsecured Loans	2	<u>4,527,744</u>		<u>2,852,843</u>
			4,527,744	<u>2,852,843</u>
TOTAL Rs.			<u>4,816,323</u>	<u>2,867,858</u>
II) APPLICATION OF FUNDS :				
1) FIXED ASSETS				
GROSS BLOCK	3	70,245		—
LESS: DEPRECIATION		<u>—</u>		<u>—</u>
NET BLOCK			70,245	<u>—</u>
2) INVESTMENTS				
			—	—
3) DEFERRED TAX ASSETS				
			158,051	—
4) TRANSLATION RESERVE				
			18,870	—
5) CURRENT ASSETS, LOANS AND ADVANCES				
a) INVENTORIES		2,828,274		—
b) SUNDRY DEBTORS		1,565,698		—
c) CASH AND BANK BALANCES		1,454,528		195,195
d) LOANS & ADVANCES		<u>19,852</u>		<u>2,581,072</u>
			5,868,352	<u>2,776,267</u>
6) LESS: CURRENT LIABILITIES AND PROVISIONS				
1) CURRENT LIABILITIES	5	1,251,245		—
2) PROVISIONS		<u>47,950</u>		<u>—</u>
			1,299,195	<u>—</u>
NET CURRENT ASSETS			4,569,157	2,776,267
PROFIT AND LOSS ACCOUNT			—	91,591
TOTAL Rs.			<u>4,816,323</u>	<u>2,867,858</u>
NOTES ON ACCOUNTS		10		

Schedules referred to above form an integral part of Balance Sheet

As per our report of even date

For **Pulindra Patel & Co.**

Chartered Accountants

Pulindra M. Patel

Proprietor
Membership No. 48991

Place : Mumbai
Date : 28th May, 2010

For **OOO Tiara Jewels**

Director

Place : Mumbai
Date : 28th May, 2010

OOO Tiara Jewels

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

PARTICULARS	Sch No.	For the period ended 31.03.2010 Rupees	For the period ended 31.12.2008 Rupees
I) INCOME			
SALES		2,395,063	—
OTHER INCOME	6	—	277,777
INCREASE/ DECREASE IN STOCK	7	2,828,274	—
TOTAL Rs.		<u>5,223,337</u>	<u>277,777</u>
II) EXPENDITURE			
PURCHASE OF GOODS		3,134,702	—
ADMINISTRATION & SELLING EXPENSES	8	1,203,140	—
INTEREST & FINANCE CHARGES	9	533,997	369,368
TOTAL Rs.		<u>4,871,839</u>	<u>369,368</u>
III) PROFIT			
PROFIT BEFORE TAXATION		351,498	(91,591)
PROVISION FOR TAXATION :			
— CURRENT TAX		179,674	—
— DEFERRED TAX ASSETS		166,017	—
PROFIT AFTER TAXATION		<u>365,155</u>	<u>(91,591)</u>
BALANCE BROUGHT FORWARD		(91,591)	—
PROFIT AVAILABLE FOR APPROPRIATION		<u>273,564</u>	<u>(91,591)</u>
APPROPRIATIONS :			
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>273,564</u>	<u>(91,591)</u>
TOTAL Rs.		<u>273,564</u>	<u>(91,591)</u>
Earning Per Share (Face Value 1 Ruble)			
Basic		27.36	(9.16)
Diluted		27.36	(9.16)
NOTES ON ACCOUNTS	10		

Schedules referred to above form an integral part of Profit and Loss Account
As per our report of even date

For **Pulindra Patel & Co.**
Chartered Accountants

For **OOO Tiara Jewels**

Pulindra M. Patel
Proprietor
Membership No. 48991
Place : Mumbai
Date : 28th May, 2010

Director

Director

Place : Mumbai
Date : 28th May, 2010

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CASH FLOW FOR THE PERIOD ENDED 31ST MARCH, 2010

PARTICULARS	31.03.2010 Rupees	31.12.2008 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	365,155	(91,591)
ADJUSTMENT FOR :		
Tranlation Reserve	(18,870)	—
Provision For Tax	179,674	—
	<u>160,804</u>	<u>—</u>
	525,959	(91,591)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
ADJUSTMENT FOR :		
Trade and other Receivable	995,522	(2,581,072)
Inventories	(2,828,274)	—
Trade Payable	1,351,860	—
	<u>(480,892)</u>	<u>(2,581,072)</u>
CASH GENERATED FROM OPERATIONS	45,067	(2,672,663)
Direct Tax Paid	—	—
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>45,067</u>	<u>(2,672,663)</u>
NET CASH FROM OPERATING ACTIVITIES		
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(70,245)	—
NET CASH USED IN INVESTING ACTIVITIES	<u>(70,245)</u>	<u>—</u>
	(25,178)	(2,672,663)
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital including Security premium	—	15,015
Repayment of Long Term Borrowing	1,674,901	2,852,843
NET CASH USED IN FINANCING ACTIVITIES	<u>1,674,901</u>	<u>2,867,858</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,649,723	195,195
CASH AND CASH EQUIVALENTS AS AT 01.01.2009	195,195	—
CASH AND CASH EQUIVALENTS AS AT 31.03.2010	1,454,528	195,195

For **Pulindra Patel & Co.**
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 48991
Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Director Director
Place : Mumbai
Date : 28th May, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2010

	As at 31.03.2010 Rupees	As at 31.12.2008 Rupees
SCHEDULE "1"		
SHARE CAPITAL		
AUTHORISED CAPITAL		
10000 Equity Shares of 1/- Ruble each	15,015	15015
Total Rs.	<u>15,015</u>	<u>15,015</u>
ISSUED CAPITAL		
10000 Equity Shares of 1/- Ruble each	15,015	15,015
Total Rs.	<u>15,015</u>	<u>15,015</u>
Subscribed and Paid up Capital		
10000 Equity Shares of 1/- Ruble each	15,015	15,015
Total Rs.	<u>15,015</u>	<u>15,015</u>

Note : [of the above 5100 Equity shares (Previous Year 5100) are held by Holding Company Diagold Designs Limited]

SCHEDULE "2"		
UNSECURED LOANS :		
From Shareholders	4,527,744	2852843
	<u>4,527,744</u>	<u>2,852,843</u>

Particulars	Amount in Rupees									
	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Opening Balance	Addition	Deduction	Cost as on 31.03.2010	Opening Depreciation	For the Period	Deduction	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Capital Work- in-Progress	—	70,245	—	70,245	—	—	—	—	70,245	—
Total (A) Rs.	—	70,245	—	70,245	—	—	—	—	70,245	—

SCHEDULE "4"		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS :		
a) INVENTORIES		
Finished Goods (at cost or net realisable value whichever is less)	2,828,274	—
	<u>2,828,274</u>	<u>—</u>
b) SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for a period exceeding six months	—	—
Outstanding for less than six months	1,565,698	—
	<u>1,565,698</u>	<u>—</u>
c) CASH AND BANK BALANCES		
Cash in Hand	—	—
Bank Balances (In Current Accounts)	1,454,528	195,195
	<u>1,454,528</u>	<u>195,195</u>
	<u>5,848,501</u>	<u>195,195</u>
d) LOANS AND ADVANCES (Advances recoverable in cash or in kind or for value to be received) Loans and Advances Security & Other Deposit	19,862	2,581,072
	<u>19,862</u>	<u>2,581,072</u>
Total Rs.	<u>5,868,362</u>	<u>2,776,267</u>

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	As at 31.03.2010 Rupees	As at 31.12.2008 Rupees
SCHEDULE : "5"		
CURRENT LIABILITIES AND PROVISION :		
1. CURRENT LIABILITIES		
Sundry Creditors:		
Sundry Creditors	1,251,245	—
2. PROVISIONS :		
Provision for Taxation	47,950	—
	1,299,195	—
	1,299,195	—
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010		
	For the period ended 31.03.2010 Rupees	For the period ended 31.12.2008 Rupees
SCHEDULE : "6"		
OTHER INCOME :		
Exchange Difference	—	277,777
	—	277,777
	—	277,777
SCHEDULE : "7"		
INCREASED/DECREASED IN STOCK :		
Closing Stock of Finished Goods	2,828,274	—
Less : Opening Stock of Finished Goods	—	—
	2,828,274	—
	2,828,274	—
SCHEDULE : "8"		
ADMINISTRATIVE & OTHER EXPENSES :		
Printing & Stationary	28,501	—
Telephone	289,258	—
Audit Fees	142,260	—
General Expenses	743,121	—
	1,203,140	—
	1,203,140	—
SCHEDULE : "9"		
INTEREST & FINANCE CHARGES :		
Interest on Loan	533,997	—
	533,997	—
	533,997	—
SCHEDULE : 4		
NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS		
1 SIGNIFICANT ACCOUNTING POLICIES :		
A) BASIS OF PREPARATION OF ACCOUNTS :		
The Accounts have been prepared on the basis of the Independent Accountants' Review Report Received from DOBRININ AND CO LTD., while preparing Accounts relevance have been kept on the certificate provided by the management.		
The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, mandatory Accounting standards notified by the Companies (Accounting Standard) Rule, 2006 and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under historical cost.		

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B) FIXED ASSETS :

Tangible Fixed Assets are stated at cost. They are stated at historical cost less accumulated depreciation.

C) DEPRECIATION :

Depreciation on Fixed Assets is provided on Straight Line method over the estimated useful lives of the assets.

D) INVENTORIES :

i) Inventories are valued at cost or at net realisable value whichever is lower determined on First in First out Method.

E) IMPAIRMENT OF ASSETS :

i) The carrying amounts of assets are reviewed periodically for indicators of impairment based on internal / external factors. An Impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

ii) After Impairment, depreciation is provided on the revised carrying amount of the assets.

iii) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

F) REVENUE RECOGNITION :

Sales are recorded when merchandise is shipped and title and risk of loss are transferred to customers. Sales is recorded net of estimated discounts and allowances which are estimated based on historic trends and an evaluation of current economic condition.

G) EARNING PER SHARE :

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

H) SEGMENT INFORMATION :

The Company has one business segment viz. Jewellery Marketing.

I) PROVISIONS / CONTINGENCIES :

A Provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimates can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

J) PROVISION FOR CURRENT AND DEFERRED TAX :

Tax expenses comprise of Current Tax.

Deferred income tax reflects the impact of current year timing differences between taxable income / losses and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be setoff.

2 Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.nil. (Previous year Rs.nil.)

3 PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK: QUANTITATIVE DETAILS FOR THE YEAR ENDED ON THE 31ST MARCH, 2010

PARTICULARS	UNITS	OPENING STOCK		PURCHASE		SALES		CLOSING STOCK	
		QTY	VALUE RUPEES	QTY	VALUE RUPEES	QTY	VALUE RUPEES	QTY	VALUE RUPEES
B FINISHED GOODS									
JEWELLERY	PCS	—	—	475	3,134,702	338	2,395,063	137	2,828,274
		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
TOTAL		—	—		3,134,702		2,395,063	—	2,828,274
(Previous year)		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)

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4 Related party disclosures :

1) List of related parties and relationship where control exists or with whom transactions were entered into:

Sr. No.	Name of the Related Party	Relationship		
i)	Diagold Designs Limited	Holding Company		
ii)	Goldiam International Limited	Holding Company's Holding Company		
Sr. No.	Nature of Transaction	Holding Company		
		2010	2009	
i)	Loans Received	2,764,500	3,821,250	
ii)	Interest paid	508,335	—	
a)	Outstanding Loan Received as on 31 st March	3,272,835	—	
Sr. No.	Nature of Transaction	Holding Company Diagold Designs Limited		
i)	Loans Received	2,764,500 (3,821,250)		
ii)	Interest paid	508,335 (—)		
a)	Outstanding Loan Received as on 31 st March	3,272,835 (—)		

5 IN THE OPINION OF THE DIRECTORS:

- a) The Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.
- b) The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

6 EARNING PER SHARE

	For the period ended 31.03.2010	For the period ended 31.12.2008
Profit after Tax	273,564	(91,591)
Weighted Avg. no. of shares + potential shares outstanding	10000	10,000
Earning per share (Basic)	27.36	(9.16)
Earning per share (Diluted)	27.36	(9.16)

7 Remuneration to Auditors:

Particulars	2009-2010	2008-2009
As Auditors	142,260	—
Total Rs.	142,260	—

8 The Functional currency of the Company is USSR Ruble, In preparing Financial statement all monetary and non-monetary assets and liabilities are translated using exchange rate as at the Balance sheet date. Cost and Expenses are translated using average of Exchange rates during the reporting period.

9 Previous Year figures have been rearranged or re-grouped, wherever necessary.

As per our report of even date
For **Pulindra Patel & Co.**
Chartered Accountants

Pulindra M. Patel
Proprietor
Membership No. 48991
Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Director Director
Place : Mumbai
Date : 28th May, 2010

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

1. Balance Sheet Date

2. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue

Bonus Issue

Rights Issue

Preferential Issue

3. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities

Total Assets

SOURCES OF FUNDS

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets

Investments

Deferred Tax Assets

Translation reserves

Net Current Assets

Miscellaneous Expenditure

Accumulated losses

4. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover / Income

Total Expenditure

Profit before tax

Profit after Tax

Earning Per Share in Rs.

Dividend Rate %

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS

a) Item Code :

For and on behalf of the Board

Director

Director

Place : Mumbai
Date : 28th May, 2010

GOLDIAM INTERNATIONAL LIMITED

Regd. Office: Gems & Jewellery Complex, SEEPZ (SEZ), Andheri (E) , Mumbai - 400 096.

ATTENDANCE SLIP

To be handed over at the entrance to the Meeting Hall

Full Name of the Member attending _____

Full Name of the First Joint-holder _____
(To be filled in if the first named Joint-holder does not attend the Meeting)

Name of the Proxy _____
(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company at 'Tribune 1' Banquet Hall, 6th floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093 on 12th August, 2010 at 3.00 p.m.

Regd. Folio No./Benpos No. _____

No. of Shares held _____

Member's/Proxy's Signature

(To be signed at the time of handing over this slip).

----- (Please cut here) -----

GOLDIAM INTERNATIONAL LIMITED

Regd. Office: Gems & Jewellery Complex, SEEPZ (SEZ), Andheri (E) , Mumbai - 400 096.

Proxy Form

I/We _____
of _____ in the District _____ being
Member(s) of the above named Company, hereby appoint _____
of _____ in the District of _____
or failing him, _____
of _____ in the District of _____

as my/our proxy to vote for me/us on my/our behalf at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company to be held on 12th August, 2010 at 3.00 p.m. at 'Tribune 1' Banquet Hall, 6th floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093 or any adjournment thereof.

Signed this _____ day of _____ 2010

No. of Shares _____

Regd. Folio No. _____

DP ID NO. _____

Client ID No. _____

**Affix Re. 1
Revenue
Stamp**