

*Annual Report*

**2010-2011**



**Goldiam  
International  
Limited**

MANUFACTURERS & EXPORTERS OF DIAMONDS & JEWELLERY

## BOARD OF DIRECTORS

MANHAR R. BHANSALI  
RASHESH M. BHANSALI  
AJAY M. KHATLAWALA  
RAJESH G. KAPADIA  
DR. R. SRINIVASAN

CHAIRMAN & MANAGING DIRECTOR  
VICE-CHAIRMAN & MANAGING DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT 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.  
YES Bank Limited  
Standard Chartered Bank  
Punjab National Bank

## REGISTERED OFFICE

Gems & Jewellery Complex, SEEPZ,  
Andheri (East), Mumbai - 400 096  
e-mail: [goldiam@vsnl.com](mailto:goldiam@vsnl.com) Website: [www.goldiam.com](http://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,  
L.B.S. Marg, Bhandup (West), Mumbai - 400 078  
Tel no.: 2594 6970-78 Fax: 2594 6969  
e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## BRANCH AT:

203, Davar House, 2<sup>nd</sup> floor, D. N. Road,  
Fort, Mumbai - 400 001  
Tel: 2269 4127

## 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 FOURTH ANNUAL GENERAL MEETING

will be held on Wednesday, 10<sup>th</sup> August, 2011  
at 2.30 p.m. at 'TRIBUNE 1' Banquet Hall, 6<sup>th</sup> Floor,  
Hotel Tunga International, M.I.D.C. Central Road,  
Andheri (East), Mumbai 400 093

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## Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued **Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011** stating that service of notices/documents including Annual Reports can be made by e-mail to its members. This is also a golden opportunity for every shareholder of the Company to contribute to this initiative of the Government. By opting to receive communication through electronic mode you also have the benefit of receiving communication promptly and avoiding loss in postal transit, besides helping save costs on paper and on postage, reducing paper consumption and saving trees. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their respective Depository Participants. Members who hold shares in physical form are requested to inform their e-mail addresses to the Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd.

## NOTICE

**NOTICE** is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of GOLDIAM INTERNATIONAL LIMITED will be held on Wednesday, 10<sup>th</sup> August, 2011 at 2.30 p.m. at 'TRIBUNE 1' Banquet Hall, 6<sup>th</sup> 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 31<sup>st</sup> March, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To confirm the payment of interim dividend of ₹1/- for the financial year ended 31<sup>st</sup> March, 2011.
3. To appoint a Director in place of Mr. Rajesh G. Kapadia, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajay M. Khatlawala, who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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.

By Order of the Board of Directors

Place: Mumbai

Date: 28<sup>th</sup> May, 2011

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) 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.
- 3) The Register of Members and Share Transfer Books will remain closed from Wednesday, 3<sup>rd</sup> August, 2011

to Wednesday, 10<sup>th</sup> August, 2011 (both days inclusive).

- 4) Members are requested to notify immediately any change in their address or bank account particulars:
  - To the Registrar and Transfer Agents of the Company for shares held in physical form; and
  - Directly to their respective Depository Participant with whom they are maintaining their demat accounts and not to the Company/Registrar and Transfer Agents, for shares held in electronic form.
- 5) Members who have not updated their bank account particulars and are desirous of availing the facility of National Electronic Clearing Service (NECS) for receiving direct credit of the dividends declared in future, if any, 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:
  - To the Registrar and Transfer Agents of the Company for shares held in physical form; and
  - Directly to their respective Depository Participant (DP) for shares held in electronic form. The Registrar and Transfer Agents are required to use the data provided only by the Depositories in case of shares held in electronic form.
- 6) In all correspondences with the Company, members holding shares in physical form are requested to quote their Folio numbers and those holding shares in electronic form are requested to quote their DP ID number and Client ID number.
- 7) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their respective Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd.
- 8) The Securities and Exchange Board of India (SEBI) has vide its Circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009, clarified that for securities market transactions and off-market/private transactions involving transfer of shares of listed companies in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/Registrar and Transfer Agents for registration of such transfer of shares. Accordingly, all transferees are requested to submit self-attested copies of their PAN card along with their request for transfer of shares of the Company in physical form

# Goldiam International Limited

in compliance with the above circular, failing which their request for transfer of shares will be returned under objection.

- 9) (i) Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the amount of dividend, which has remained unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Government. No claims shall lie against the Fund or the Company in respect of the individual amounts which were unclaimed or unpaid for a period of seven years from the dates they became due for payment.
- (ii) Accordingly, the unpaid/unclaimed dividends for the financial years 1995-96 to 2002-03 and Interim Dividend for the financial year 2003-2004 declared on 09<sup>th</sup> December, 2003 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Members who have not yet encashed their dividend warrant(s) for financial year 2003-2004 (Final Dividend) or any of the subsequent years are requested to approach the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd., without any delay.

- 10) Members desirous of obtaining any information concerning the accounts are requested to write to the Company at least 10 days before the date of the meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
- 11) 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 quoting their Folio No. in case shares are held in physical form or their DP ID number and Client ID number in case the shares are held in electronic form.

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

Particulars	Mr. Rajesh G. Kapadia	Mr. Ajay M. Khatlawala
Date of Birth	02 <sup>nd</sup> November, 1956	02 <sup>nd</sup> May, 1954
Date of Appointment	15 <sup>th</sup> October, 1994	15 <sup>th</sup> October, 1994
Qualifications	B.com (Hons.), F.C.A.(Fellow Member of Institute of Chartered Accountants of India)	B.SC., LLB, Solicitor
Expertise in specific functional area	Extensive knowledge & experience in accounts, taxation and company matters.	Wide knowledge & experience in legal and company matters.
Directorships held in other Public Limited Companies (excluding Foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> <li>• Asianet Satellite Communications Ltd.</li> <li>• Exide Industries Ltd.</li> <li>• Goldiam Jewellery Ltd.</li> <li>• ING Vysya Life Insurance Co. Ltd.</li> <li>• Prism Cement Ltd.</li> <li>• Raheja QBE General Insurance Co. Ltd.</li> <li>• EIH Associated Hotels Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Diagold Designs Ltd.</li> <li>• Dighi Port Ltd.</li> </ul>
Memberships/ Chairmanships of Committees of other Public Limited Companies (includes only Audit and Shareholders'/ Investors' Grievance Committees)	<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>• Asianet Satellite Communications Ltd.</li> <li>• Exide Industries Ltd.*</li> <li>• ING Vysya Life Insurance Co. Ltd.*</li> <li>• Prism Cement Ltd.*</li> <li>• Raheja QBE General Insurance Co. Ltd.</li> <li>• EIH Associated Hotels Ltd.</li> </ul> <p><b>Shareholders'/ Investors' Grievance Committee</b> Prism Cement Ltd.</p>	Nil
Number of shares held	Nil	6000

\* Chairman of the Committee

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Twenty Fourth Annual Report on the affairs of the Company together with the Audited Statements of Accounts for the year ended on 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS:

	(₹ in Lacs)	
Year ended <b>31.03.2011</b>	Year ended 31.03.2010	
Sales for the year	<b>7,862.22</b>	<u>5,935.17</u>
Profit before Interest & finance charges, depreciation & taxation	<b>989.30</b>	614.02
Less: Interest & finance charges	<b>48.47</b>	<u>20.68</u>
Operating profit before depreciation & taxation	<b>940.83</b>	593.34
Less: Depreciation, amortization & impairment of asset	<b>136.98</b>	<u>122.57</u>
Profit before taxation	<b>803.85</b>	<u>470.77</u>
Provision for taxation	<b>169.46</b>	(40.46)
Profit after taxation	<b>634.39</b>	<u>511.23</u>
Add: Balance brought forward	<b>7,377.17</b>	<u>7,156.83</u>
Profit available for appropriation	<b>8,011.56</b>	<u>7,668.06</u>
Appropriation:		
Interim Dividend	<b>249.46</b>	—
Tax on Interim Dividend	<b>41.43</b>	—
Proposed Dividend	—	249.46
Provision for Tax on Proposed Dividend	—	<u>41.43</u>
Balance carried forward to Balance Sheet	<b>7,720.67</b>	<u>7,377.17</u>

### OPERATIONS:

The operations of the Company have shown considerable improvement as compared to the previous year. The Company has achieved a turnover of ₹7,862.22 lacs during the year under report as compared to ₹5,935.17 lacs during the previous year reflecting a growth of 32.47% over the previous year. The profits of the Company have also shown a remarkable increase with the Company earning a net profit of ₹634.39 lacs after tax as compared to a net profit after tax of ₹511.23 lacs for the previous year registering an increase of 24.09%.

### DEPOSITS:

The Company has not invited/ accepted any deposit from the public during the year ended 31<sup>st</sup> March, 2011. There were no unclaimed or unpaid deposits as on 31<sup>st</sup> March, 2011.

### DIVIDEND:

The Board has, considering the payment of an interim dividend of ₹1/- per equity share of ₹10/- each fully

paid-up (10%) for the year under report, decided not to recommend further dividend.

### SUBSIDIARY COMPANIES:

In accordance with the General Circular no. 2/2011 File no. 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs, Government of India, granting general exemption to the companies under Section 212(8) of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account and other Reports and statements of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any shareholder of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies are also available for inspection by any shareholder at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements of the Company and all the subsidiaries duly audited by the Statutory Auditors of the Company are presented in the Annual Report of the Company. A summary of the financial information of the subsidiary companies is also attached to the Annual Report of the Company.

During the year under report, one of the subsidiaries, Diagold Designs Limited, had initiated the process for de-bonding its unit as a 100% Export Oriented Unit (EOU) and has subsequently been de-bonded. This would enable the Company to offer its products to the ever growing domestic jewellery market. Diagold Designs Limited has, during the year under report, divested its entire stake in its Russian subsidiary company "OOO Tiara Jewels" and its Joint Venture Company in Malaysia, Goldiam Jewels SDN BHD, has closed its business and its name has been struck off as per the provisions of the country of incorporation.

### 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, Mr. Rajesh G. Kapadia and Mr. Ajay M. Khatlawala, 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:

# Goldiam International Limited

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2011, 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 31<sup>st</sup> March, 2011 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 for re-appointment, have furnished their eligibility certificate to the effect that reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The Board recommends 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:

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 ₹7,216.03 lacs during the year under report, 2010-2011, as compared to ₹5,218.33 lacs in the previous year, 2009-2010.

	(In ₹)	
	2010-2011	2009-2010
Total Foreign Exchange received:	<b>718,791,747</b>	515,607,572
Total Foreign Exchange used		
i) Raw Materials	<b>275,244,322</b>	169,979,301
ii) Consumable Stores	<b>771,181</b>	2,186,147
iii) Capital Goods	<b>2,082,396</b>	—
iv) Foreign Travels	<b>1,109,658</b>	732,000
v) Others	<b>2,612,668</b>	82,496

### 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: 28<sup>th</sup> May, 2011

**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 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 efficiency of gold recovery method has improved. 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 fully absorbed	)	technology.
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:

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. Indian Gems & Jewellery Industry can be classified into various sub-segments like diamonds, coloured stones, gold and silver jewellery, pearls, etc. However, the two major segments in India are gold and diamonds. India dominates the diamond processing trade with 11 out of 12 diamonds being cut and polished in India. India also dominates the gold and silver consumption globally with consumption of approximately 700 tonnes (gold) p.a. A major foreign exchange earner, the industry is also notable in providing employment to 1.5 million people directly and indirectly. The Industry is characterised by a significantly large unorganised sector, labour-intensive operations, high working capital & raw material intensiveness, gold price volatility and export orientation.

The Gems & Jewellery Industry is a significant contributor to the steady growth of the Indian economy. Gems & Jewellery sector accounted for 16.67% of India's total merchandise exports. 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), the volume of exports for the financial year 2010-2011 have shown a remarkable increase over the previous financial year. The exports for the financial year 2010-2011 stood at US\$ 43,139.24 million as compared to US\$ 29,358.49 million thus indicating an increase of 46.89%. Further, the Council indicates that India's Gems & Jewellery exports are expected to grow at a whopping 15%-20% in the financial year 2011-2012.

### Opportunities and Threats:

The Company anticipates that the economic growth in emerging markets like Europe, Hong Kong, Russia and Middle-East, with increasing dispensable incomes, conscious marketing efforts, rising young population with the urge to spend on jewellery since it's regarded as fashion accessory will lead to an increase in demand of diamond studded jewellery. The resurgence of the established global economies will provide a further impetus to the demand for jewellery. The Company's manufacturing excellence, high skilled labour, creation of exquisite designs and ability to manufacture high volumes at low cost will also enable the Company to leverage the opportunities.

Increasing efforts to climb the value chain by the neighbouring countries have posed a threat. China is

fast emerging as a significant competitor for the Indian Gems & Jewellery Industry with economical labour, modern and automated factories for manufacturing high quality, competitively priced jewellery. 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.

### Segment-wise Performance:

The Company has two segments viz. jewellery manufacturing and investment activity. The Company has achieved a turnover of ₹7,954.33 lacs in the jewellery segment and of ₹411.02 lacs in investment activities.

### Risks and Concerns:

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

**Bullion Risk:** The volatility in the gold prices exposes the Company to bullion risk as gold forms approximately 30% of the cost of the finished product. The Company hedges its outstanding position mitigating the risk associated with the volatility in the gold prices.

**Raw Material Supplies Risk:** Though India plays a dominant role in the Gems & Jewellery Industry in terms of processing and consumption, mining of gold and diamond is amongst the lowest in the world. India imports gold and rough diamonds along with other precious metals. The high dependence on raw materials from foreign countries increases the production costs especially since raw materials constitute around 90% of production costs in manufacturing of jewellery and impacts the demand. Such dependence on overseas mining and trading centers for its raw material supplies and security of supplies is an important concern for all players.

**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. While the Company hedges majority of its receivables, any sharp fluctuation in currency is likely to affect the cash flow of the Company as well as its profitability.

**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, Europe, Russia and Japan.

### Outlook:

The outlook for the Gems & Jewellery Industry looks extremely positive. The revival of the global economies has helped resurrect the demand for jewellery world over



and is expected to continue the upward trend. According to the Gems & Jewellery Export Promotion Council (GJEPC), India's Gems & Jewellery exports are expected to grow at a whopping 15%-20% in the financial year 2011-2012. The Company is well placed to cater to the growing demands.

#### **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 resurgence of the global economies and the persistent efforts of the Company to sustain its trade relations besides expanding its base to other markets have helped the Company to show a considerable improvement in its performance during the year under review as compared to the previous year. The Company has achieved a turnover of ₹7,862.22 lacs during the year under review as compared to ₹5,935.17 lacs during the previous year reflecting a growth of 32.47% over the previous year. The profits of the Company have also shown a substantial increase with the Company earning a net profit of ₹634.39 lacs after tax as compared to a net profit after tax of ₹511.23 lacs for the previous year registering an increase of 24.09%.

The consolidated turnover of the Company, its Subsidiaries and Joint Ventures has increased from ₹17,871.14 lacs in the previous year to ₹23,906.70 lacs during the year under review recording a growth of 33.77%. The consolidated net profit after tax has also shown a remarkable increase of 161.13% from ₹714.86 lacs in the previous year to ₹1,866.69 lacs in the year under review.

#### **Material developments in Human Resources/ Industrial Relations:**

The Company considers its human resources as amongst its most valuable assets and continues to place emphasis on their development. It has been Company's constant endeavour to impart requisite training and thereby develop and hone the skills and talent of its personnel and enable them to realize their potential.

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, inter-alia, 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, statutes and other incidental factors.

## REPORT ON CORPORATE GOVERNANCE

Your Directors are pleased to submit their report on the Corporate Governance of the Company for the Financial Year 2010-2011.

### 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 constantly striving 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 31<sup>st</sup> March, 2011 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	7	4	3
Mr. Ajay M. Khatlawala	Independent-Non-Executive	2	nil	nil
Dr. R. Srinivasan	Independent-Non-Executive	8	4	5

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 31<sup>st</sup> March, 2011. These were held on 15<sup>th</sup> April, 2010, 30<sup>th</sup> May, 2010, 12<sup>th</sup> August, 2010, 28<sup>th</sup> October, 2010 and 11<sup>th</sup> February, 2011.

#### Attendance of each director at the Board meetings held during the financial year ended 31<sup>st</sup> March, 2011 and the last AGM:

Director	No. of Board meetings held	No. of Board meetings attended	Whether last AGM attended (YES/NO)
Mr. Manhar R. Bhansali	5	5	YES
Mr. Rashesh M. Bhansali	5	5	YES
Mr. Rajesh G. Kapadia	5	5	YES
Mr. Ajay M. Khatlawala	5	5	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.

- 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 four times during the year under report, i.e. on 30<sup>th</sup> May, 2010, 12<sup>th</sup> August, 2010, 28<sup>th</sup> October, 2010 and 11<sup>th</sup> February, 2011. The meeting held on 30<sup>th</sup> May, 2010 reviewed the Annual Accounts of the Company for the financial year 2009-2010 and approved the same. The meetings held on 12<sup>th</sup> August, 2010, 28<sup>th</sup> October, 2010 and 11<sup>th</sup> February, 2011 reviewed and approved the results for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> 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	4
Mr. Ajay M. Khatlawala	Member	4
Dr. R. Srinivasan	Member	2

**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 facilitate speedy disposal of requests pertaining to transfer, transmission of shares in physical form, issue of duplicate share certificates etc. 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 to consider and review shareholders'/investors' grievances and complaints and to ensure that all shareholders'/investors' grievances and correspondences are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/or legal impediments.

# Goldiam International Limited

## SHAREHOLDER / INVESTOR SERVICE:

Shareholder/Investor Service is handled by the Company Secretary who provides timely services. The Company received 27 complaints during the year which were duly attended to and there was no case/ complaint unresolved at the end of the year.

## NAME & DESIGNATION OF THE COMPLIANCE OFFICER:

Ms. Rachana V. Vora, Company Secretary.

## DETAILS OF REMUNERATION PAID TO THE DIRECTORS IN 2010-11: (Amt. in ₹)

### (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	36,00,000	nil	nil	3,06,878	39,06,878

### (b) Remuneration paid to Non-Executive Directors:

Name	Sitting Fees	No. of Shares held
Mr. Rajesh G. Kapadia	70,000	nil
Mr. Ajay M. Khatlawala	70,000	6,000
Dr. R. Srinivasan	40,000	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
2007-2008	26.09.2008 2.30 p.m.	'Tribune 1' Banquet Hall, 6 <sup>th</sup> 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 <sup>th</sup> floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093	No special resolution passed
2009-2010	12.08.2010 3.00 p.m.	'Tribune 1' Banquet Hall, 6 <sup>th</sup> floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093	Re-appointment of Mr. Manhar R. Bhansali as the Chairman & Managing Director of the Company for a period of 5 years w.e.f. 24 <sup>th</sup> January, 2011

### b) Special Resolution passed through Postal Ballot:

No Special resolution was passed through Postal Ballot during the financial year 2010-2011.

## 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.

## 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.4, forming part of the Annual Report.

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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. No presentation was made to the institutional investors or analysts during the year.

## GENERAL SHAREHOLDER INFORMATION:

### I. Annual General Meeting:

Date	10 <sup>th</sup> August, 2011
Time	2.30 p.m.
Venue	'TRIBUNE 1' Banquet Hall, 6 <sup>th</sup> floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093.

### II. Financial Year: 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011

### III. Date of Book Closure: Wednesday, 3<sup>rd</sup> August, 2011 to Wednesday, 10<sup>th</sup> August, 2011 (both days inclusive).

### IV. Dividend Payment Date: N.A.

### 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 shares during each month in the financial year 2010-2011 are as below:

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2010	50.10	45.15	51.80	45.55
May, 2010	49.40	41.55	49.55	41.00
June, 2010	47.70	42.05	48.25	42.10
July, 2010	53.50	43.10	54.60	42.50
August, 2010	64.95	47.00	64.90	48.25
September, 2010	52.55	47.00	52.00	46.80
October, 2010	51.60	46.70	52.00	46.35
November, 2010	55.90	42.05	55.40	42.00
December, 2010	45.40	39.00	46.00	39.90
January, 2011	45.00	35.00	44.85	33.25
February, 2011	38.40	29.50	39.45	28.60
March, 2011	42.60	30.20	42.75	29.20

# 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,  
L.B.S. Marg, Bhandup (West), Mumbai - 400 078  
Tel no.: 2594 6970 Fax: 2594 6969  
e-mail: rnt.helpdesk@linkintime.co.in

## X. Share Transfer System:

With a view to expedite the process of transfer of shares received in physical form, a Share Transfer Committee has 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 31<sup>st</sup> March, 2011:

Equity Shareholding	Number of Shareholders	Percentage of Shareholders(%)	Number of Shares	Percentage of Shareholding (%)
1 – 500	9450	82.63	1880165	7.54
501 – 1000	959	8.38	785834	3.15
1001 – 2000	506	4.42	791639	3.17
2001 – 3000	154	1.35	402372	1.61
3001 – 4000	102	0.89	370706	1.49
4001 – 5000	67	0.59	318420	1.28
5001 – 10000	105	0.92	780792	3.13
10001 & Above	94	0.82	19616068	78.63
<b>Total</b>	<b>11437</b>	<b>100.00</b>	<b>24945996</b>	<b>100.00</b>

Shareholding Pattern as on 31<sup>st</sup> March, 2011:

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	538572	2.16
Individuals	7146143	28.65
Clearing Member	42623	0.17
Market Maker	17913	0.07
Foreign Nationals, NRIs, Foreign Companies, OCBs	3188448	12.78
Independent Directors	6000	0.02
HUF	449797	1.80
<b>Total</b>	<b>24945996</b>	<b>100.00</b>



## 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 31<sup>st</sup> March, 2011, 24348479 equity shares, representing 97.60% 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 GDRs/ADRs/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 2010-2011.

For GOLDIAM INTERNATIONAL LIMITED

Mumbai: 28<sup>th</sup> May, 2011

**RASHESH M. BHANSALI**  
Vice Chairman & Managing Director

## 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, 2011 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, according to the explanations given to us and the representation made by management, 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  
FRN No. 115187W

**PULINDRA M. PATEL**  
Proprietor  
Membership No. 048991

Place: Mumbai  
Date: 28<sup>th</sup> May, 2011

## AUDITORS' REPORT

### TO THE MEMBERS OF GOLDIAM INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of GOLDIAM INTERNATIONAL LIMITED as at 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011;
- 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  
FRN No. 115187W

**(Pulindra Patel)**  
Proprietor

Place: Mumbai  
Date: 28<sup>th</sup> May, 2011

Membership No. 048991

## Annexure

### (Referred to in 3<sup>rd</sup> 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) 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) 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 register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹88,388,637/- and year end balance of the loans granted was ₹ Nil.
  - 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) In respect of said loans there are no overdue amounts. In respect of Interest, there are no overdue amounts.
  - e) According to the information and explanations given

# Annual Report 2010-2011

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 Act, 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 lacs 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. In our opinion, the internal audit system commensurates 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 Act.
9. a) 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.
- b) 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 ₹	Period to which the amount relates	Forum where dispute is pending
Property Tax	13,696,775/-	1997-98	Bombay High Court

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by the audit and has not 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 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  
FRN No. 115187W

**(Pulindra Patel)**  
Proprietor

Place: Mumbai  
Date: 28<sup>th</sup> May, 2011

Membership No. 048991

# Goldiam International Limited

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

	Schedule No.	₹	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>I) SOURCES OF FUNDS :</b>				
<b>I) SHAREHOLDERS FUNDS :</b>				
a) SHARE CAPITAL	1	249,459,960		249,459,960
b) RESERVES AND SURPLUS	2	1,333,443,319		1,299,094,092
			<b>1,582,903,279</b>	<b>1,548,554,052</b>
<b>2) LOAN FUNDS :</b>				
SECURED LOANS	3	84,775,435		—
UNSECURED LOANS		—		—
			<b>84,775,435</b>	—
<b>TOTAL ₹</b>			<b>1,667,678,714</b>	<b>1,548,554,052</b>
<b>II) APPLICATION OF FUNDS :</b>				
<b>1) FIXED ASSETS</b>	4			
GROSS BLOCK		240,263,412		231,832,037
LESS: DEPRECIATION		145,363,639		139,198,311
NET BLOCK			<b>94,899,773</b>	92,633,726
<b>2) INVESTMENTS</b>	5		<b>862,251,589</b>	898,368,265
<b>3) DEFERRED TAX ASSETS</b>			<b>10,783,435</b>	13,484,467
(Refer Note No.21 of Schedule 16)				
<b>4) CURRENT ASSETS, LOANS AND ADVANCES :</b>	6			
a) INVENTORIES		316,947,325		282,101,436
b) SUNDRY DEBTORS		429,506,228		258,484,366
c) CASH AND BANK BALANCES		29,476,004		26,808,582
d) LOANS AND ADVANCES		61,293,546		135,109,143
		<b>837,223,103</b>		<b>702,503,527</b>
<b>5) LESS: CURRENT LIABILITIES AND PROVISIONS :</b>	7			
1) CURRENT LIABILITIES		135,381,724		124,512,103
2) PROVISIONS		2,097,462		33,923,830
		<b>137,479,186</b>		<b>158,435,933</b>
<b>NET CURRENT ASSETS</b>			<b>699,743,918</b>	<b>544,067,594</b>
<b>6) MISCELLANEOUS EXPENDITURE</b>	8		—	—
(To the extent not written off or adjusted)				
(Refer Schedule 15 Note No. 1 (P))				
<b>TOTAL ₹</b>			<b>1,667,678,714</b>	<b>1,548,554,052</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	15			
<b>NOTES ON ACCOUNTS</b>	16			

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

**For Pulindra Patel & Co.**  
Chartered Accountants  
FRN No. 115187W

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**  
Vice Chairman & Mg. Director

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

	Schedule No.	For the year ended 31.03.2011 ₹	For the year ended 31.03.2010 ₹
<b>I) INCOME :</b>			
SALES	9	786,221,919	593,516,933
INCREASE/(DECREASE) IN STOCK	10	7,453,679	(9,266,237)
PROFIT ON SALE OF ASSETS		—	175,622
OTHER INCOME	11	50,312,561	82,016,062
<b>TOTAL ₹</b>		<b>843,988,158</b>	<b>666,442,380</b>
<b>II) EXPENDITURE :</b>			
COST OF MATERIALS	12	559,939,275	355,487,905
PURCHASE FOR TRADING		113,839,924	79,472,059
MANUFACTURING AND OTHER EXPENSES	13	70,771,096	170,080,284
INTEREST & FINANCE CHARGES	14	4,846,589	2,067,718
DEPRECIATION, AMORTISATION AND IMPAIRMENT	4	13,698,343	12,257,422
LOSS ON SALE OF ASSETS		508,168	—
<b>TOTAL ₹</b>		<b>763,603,395</b>	<b>619,365,387</b>
<b>III) PROFIT :</b>			
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>80,384,764</b>	<b>47,076,994</b>
<b>PROVISION FOR TAX :</b>			
— CURRENT TAX		16,741,000	6,381,925
— DEFERRED TAX LIABILITY		2,701,033	8,560,987
— SHORT / EXCESS PROVISION FOR TAX		2,495,711	1,867,361
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>63,438,441</b>	<b>51,123,417</b>
BALANCE BROUGHT FORWARD		737,717,626	715,683,485
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>801,156,067</b>	<b>766,806,902</b>
<b>APPROPRIATION :</b>			
INTERIM DIVIDEND		24,945,996	—
TAX ON INTERIM DIVIDEND		4,143,217	—
PROPOSED DIVIDEND		—	24,945,996
PROVISION FOR TAX ON PROPOSED DIVIDEND		—	4,143,280
BALANCE CARRIED FORWARD TO BALANCE SHEET		772,066,854	737,717,626
<b>TOTAL ₹</b>		<b>801,156,067</b>	<b>766,806,902</b>
EARNING PER SHARE (Face Value ₹10/-)			
Basic		2.54	2.05
Diluted		2.54	2.01
(Refer Note No.7 of Schedule 16)			
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>15</b>		
<b>NOTES ON ACCOUNTS</b>	<b>16</b>		

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  
FRN No. 115187W

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**  
Vice Chairman & Mg. Director

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

# Goldiam International Limited

## CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(PURSUANT TO THE LISTING AGREEMENT WITH THE STOCK EXCHANGES)

PARTICULARS	2010-11 ₹	2009-10 ₹
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	80,384,764	47,076,994
ADJUSTMENT FOR :		
Depreciation (Schedule 4)	13,698,343	12,257,422
Profit/Loss on sale of Investment (Net)	(6,662,241)	(16,496,758)
Interest	(12,369,781)	(15,261,846)
Revaluation Loss on Investments	2,838,652	(10,608,997)
Profit / Loss on Sale of Assets	508,168	(175,622)
Dividend received	(17,223,099)	(15,606,231)
Voluntary Retirement Expenses written off	—	50,067,841
(Short)/Excess Provision for taxation written off	(2,495,711)	1,867,361
	<b>(21,705,669)</b>	<b>6,043,170</b>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<b>58,679,094</b>	<b>53,120,164</b>
ADJUSTMENT FOR :		
Trade and other Receivable	(95,248,331)	168,215,488
Inventories	(34,845,889)	49,597,235
Trade Payable	10,714,491	(73,806,330)
	<b>(119,379,729)</b>	<b>144,006,393</b>
CASH GENERATED FROM OPERATIONS	<b>(60,700,635)</b>	<b>197,126,557</b>
Interest paid	(4,846,589)	(2,067,718)
Direct Tax paid	(24,719,311)	(4,635,186)
Voluntary Retirement Scheme expenses	—	(20,480,247)
	<b>(29,565,900)</b>	<b>(27,183,151)</b>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<b>(90,266,535)</b>	<b>169,943,406</b>
NET CASH FROM OPERATING ACTIVITIES	<b>(90,266,535)</b>	<b>169,943,406</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(19,476,113)	(7,286,442)
Sale of Fixed Assets	3,003,555	2,783,889
Purchase of Investments	(3,961,793,003)	(2,304,653,916)
Purchase of Investments in Subsidiary	—	(5,199,090)
Sale of Investments	4,001,733,268	2,056,229,911
Interest received	17,047,712	14,156,937
Dividend received	17,223,099	15,606,231
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	<b>57,738,518</b>	<b>(228,362,480)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of Long Term Borrowing	84,775,435	(23,214,016)
Dividend paid	(49,891,992)	—
NET CASH USED IN FINANCING ACTIVITIES	<b>34,883,443</b>	<b>(23,214,016)</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>2,355,426</b>	<b>(81,633,090)</b>
CASH AND CASH EQUIVALENTS AS AT 01.04.2010	<b>26,808,582</b>	<b>108,441,672</b>
CASH AND CASH EQUIVALENTS AS AT 31.03.2011	<b>29,164,008</b>	<b>26,808,582</b>

As per our report of even date.

**For Pulindra Patel & Co.**  
Chartered Accountants  
FRN No. 115187W

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**  
Vice Chairman & Mg. Director

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011



## SCHEDULES

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE "1"</b>		
<b>SHARE CAPITAL :</b>		
<b>AUTHORISED CAPITAL</b>		
31000000 Equity Shares of ₹10/- each	<b>310,000,000</b>	310,000,000
	<b>310,000,000</b>	310,000,000
<b>Issued Capital</b>		
24945996 Equity Shares of ₹10/- each (Previous Year 24945996 Equity Shares of ₹10/- each)	<b>249,459,960</b>	249,459,960
	<b>249,459,960</b>	249,459,960
<b>Subscribed and Paid up Capital</b>		
24945996 Equity Shares of ₹10/- each (Previous Year 24945996 Equity Shares of ₹10/- each)	<b>249,459,960</b>	249,459,960
1) Out of which 2,25,24,600 Equity Shares of ₹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 Nil (Previous Year 600000) equity shares of ₹10/- each and paid ₹Nil (Previous Year ₹23,214,016/-) by way of premium and the same including face value of shares bought back has been debited to Security Premium and General Reserve account.		
<b>TOTAL ₹</b>	<b>249,459,960</b>	249,459,960
<b>SCHEDULE "2"</b>		
<b>RESERVES AND SURPLUS :</b>		
<b>1. Capital Redemption Reserve</b>		
As per last Balance Sheet	<b>20,868,040</b>	14,868,040
Add: Transfer from Security Premium and General Reserve	—	6,000,000
	<b>20,868,040</b>	20,868,040
<b>2. Security Premium</b>		
As per last Balance Sheet	—	15,354,326
Less: Utilised during the year for buy-back of shares	—	11,816,296
Transfer to Capital Redemption Reserve	—	3,538,030
	—	—
<b>3. Capital Reserve Account</b>		
As per last Balance Sheet	<b>47,970,000</b>	47,970,000
<b>4. General Reserve</b>		
As per last Balance Sheet	<b>492,538,426</b>	500,398,116
Less: Utilised during the year for buy-back of shares	—	5,397,720
Transfer to Capital Redemption Reserve	—	2,461,970
	<b>492,538,426</b>	492,538,426
<b>5. Profit &amp; Loss Account</b>	<b>772,066,854</b>	737,717,626
<b>TOTAL ₹</b>	<b>1,333,443,319</b>	1,299,094,092
<b>SCHEDULE "3"</b>		
<b>SECURED LOANS :</b>		
Preshipment Credit in Foreign Currency with YES Bank Ltd.	<b>78,383,963</b>	—
Post Shipment Credit in Foreign Currency with YES Bank Ltd. (Secured by first pari passu charge on present & future Inventories, Receivables)	<b>6,391,472</b>	—
	<b>84,775,435</b>	—

# Goldiam International Limited

SCHEDULE "4" FIXED ASSETS		(Amount in ₹)										
		GROSS BLOCK					DEPRECIATION					NET BLOCK
Sr. No.	Description	Cost as on 01.04.2010	Addition	Deduction	Cost as on 31.03.2011	As on 01.04.2010	For the Year	Deduction	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010	
<b>TANGIBLE ASSETS</b>												
1	FACTORY											
	BUILDING	31,333,353	—	—	31,333,353	23,892,364	744,099	—	24,636,463	6,696,890	7,440,989	
2	OFFICE PREMISES	64,655,666	—	—	64,655,666	18,205,611	2,322,503	—	20,528,114	44,127,552	46,450,055	
3	FURNITURE & FIXTURE	34,940,741	96,800	—	35,037,541	24,150,519	1,962,781	—	26,113,300	8,924,241	10,790,222	
4	OFFICE EQUIPMENT	5,954,965	33,550	—	5,988,515	3,869,982	292,612	—	4,162,594	1,825,921	2,084,983	
5	PLANT & MACHINERY											
	A) MACHINERY	36,851,026	2,107,896	—	38,958,922	27,710,092	1,682,121	—	29,392,213	9,566,709	9,140,934	
	B) COMPUTERS	15,319,940	86,268	—	15,406,208	13,529,883	809,368	—	14,339,251	1,066,957	1,790,057	
	C) AIR CONDITIONER	6,109,925	—	—	6,109,925	4,534,263	219,175	—	4,753,438	1,356,487	1,575,662	
	D) LIFT	1,693,524	—	—	1,693,524	1,492,717	27,932	—	1,520,649	172,875	200,807	
	E) ELECTRICAL INST.	13,912,440	—	—	13,912,440	10,941,100	413,314	—	11,354,414	2,558,026	2,971,340	
6	VEHICLES	21,060,457	17,151,599	11,044,738	27,167,318	10,871,780	5,224,438	7,533,015	8,563,203	18,604,115	10,188,677	
	<b>TOTAL ₹</b>	<b>231,832,037</b>	<b>19,476,113</b>	<b>11,044,738</b>	<b>240,263,412</b>	<b>139,198,311</b>	<b>13,698,343</b>	<b>7,533,015</b>	<b>145,363,639</b>	<b>94,899,773</b>	<b>92,633,726</b>	
	PREVIOUS YEAR	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		

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

# Annual Report 2010-2011

SCHEDULE "5" INVESTMENTS :	No. of Shares	Face Value ₹	As at 31.03.2011 ₹	No. of Shares	As at 31.03.2010 ₹
<b>A. LONG TERM INVESTMENTS</b>					
<b>TRADE:</b>					
<b>In Equity Shares of Subsidiary Company - Unquoted, fully paid up</b>					
1) Diagold Designs Limited	2,039,658	10	46,839,389	2,039,658	46,839,389
2) Goldiam Jewels Limited	1,516,500	10	31,501,250	1,516,500	31,501,250
3) Goldiam Jewellery Limited	1,000,000	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
<b>OTHER THAN TRADE:</b>					
<b>In Equity Shares of Joint Venture Company - Unquoted, fully paid up</b>					
Goldiam HK Limited (Face Value of HK\$ 1/- each)	5,982,725		32,778,408	5,982,725	32,778,408
<b>In Equity Shares - Unquoted, fully paid up</b>					
Sip Technologies Limited	1,891	10	18,910	1,891	18,910
<b>In Units of Mutual Fund, fully paid up</b>					
	<b>No. of Units</b>			<b>No. of Units</b>	
J.M.Core 11 Fund Series 1 Dividend Option	—	10	—	1,000,000	8,450,800
<b>In Debentures - Unquoted, fully paid up</b>					
	<b>No. of Debentures</b>			<b>No. of Debentures</b>	
1) Jayneer Capital Pvt Ltd 13% NCD(*)	—	50,000	—	3	15,204,135
2) Prakausali Investments (India) Pvt Ltd 12.75% NCD (*)	—	1,000,000	—	20	20,000,000
Note (*) : (NCD refers to Non Convertible Debentures.)					
<b>In Others</b>					
1) Kotak Alternate Opportunities (India) Fund			23,693,125		17,443,125
2) Kshitij Venture Capital Fund	28,200	1,000	28,200,000	30,000	30,000,000
<b>TOTAL ₹</b>			<b>180,231,082</b>		<b>219,436,017</b>
<b>B. CURRENT INVESTMENTS</b>					
<b>OTHER THAN TRADE:</b>					
<b>In Equity Shares - Quoted, fully paid up</b>					
	<b>No. of Shares</b>			<b>No. of Shares</b>	
1) Classic Diamonds (I) Limited	5	2	62	1	102
2) Gujarat Pipavav Ports Limited	51,500	10	51,500	51,500	51,500
3) Reliable Ventures Limited	50,000	10	890,000	50,000	1,165,000
4) S B & T International Limited	1	10	12	1	10
5) Shrenuj & Co Limited	5	2	74	1	74
6) Suashish Diamonds Limited	1	10	69	1	69
7) Suraj Diamonds & Jewellery Limited	1	10	43	1	43
8) Titan Industries Limited	1	10	257	1	257
<b>In Units of Mutual Fund - Quoted fully paid up</b>					
Benchmark Mutual Fund Liquid Bees	0.0169	1,000	15	—	—
<b>In Redeemable Preference Shares - Unquoted, fully paid</b>					
K.S.Realty Construction Private Limited	2,750	10	27,500	2,750	27,500
<b>In Debentures - Quoted, fully paid up</b>					
	<b>No. of Debentures</b>			<b>No. of Debentures</b>	
1) Deutsche Investment India Pvt Ltd - NCD series 33 04March2014	100	1,000,000	9,170,000	—	—
2) Morgan Stanley India Capital Pvt Ltd Sr-4 BR NCD (*)	46	1,000,000	46,000,000	50	50,000,000
3) Morgan Stanley India Capital Pvt Ltd Sr-13 BR NCD (*)	5	1,000,000	5,050,000	20	20,200,000
<b>In Debentures - Unquoted, fully paid up</b>					
1) Barclays Investments & Loans (India) Ltd Sr- 115 BR NCD(*)	—	1,000,000	—	34	34,000,000
2) Barclays Investments & Loans (India) Ltd Sr- 121 BR NCD(*)	—	1,000,000	—	25	25,000,000
3) Morgan Stanley India Capital Pvt Ltd Sr-14 BR NCD (*)	—	1,000,000	—	5	5,050,000
4) Morgan Stanley India Capital Pvt Ltd Sr-3 BR NCD(*)	—	1,000,000	—	50	50,000,000
Note (*) : (NCD refers to Non Convertible Debentures.)					

# Goldiam International Limited

	No. of Units	Face Value ₹	As at 31.03.2011 ₹	No. of Units	As at 31.03.2010 ₹
<b>In Units of Mutual Fund - Unquoted</b>					
1) Axis Fixed Term Plan Series 13 (370 Days) - Growth	1,000,000	10	10,000,000	—	—
2) Bharti AXA Equity Fund Eco Plan - Growth	—	10	—	37,762	658,725
3) Bharti AXA Treasury Advantage Fund - Institutional Plan - Daily Dividend	—	1,000	—	40,000	40,000,000
4) Birla Sun Life Frontline Equity Fund - Plan A - Dividend - Payout	216,305	10	4,674,342	—	—
5) Birla Sun Life Fixed Term Plan Series CT - Growth	2,000,000	10	20,000,000	—	—
6) Birla Sunlife Fixed Term Plan Series CU - Growth	1,000,000	10	10,000,000	—	—
7) Birla Sunlife Fixed Term Plan Series CX - Growth	2,513,848	10	25,138,480	—	—
8) Birla Sun Life MIP II - Savings 5 - Growth	—	10	—	923,462	15,000,000
9) BSL Medium Term Plan - Institutional - Weekly Dividend - Reinvest	—	10	—	4,032,726	40,433,592
10) BNP Paribas Fixed Term Fund Series 20A Growth	1,500,000	10	15,000,000	—	—
11) BNP Paribas Fixed Term Fund Series 19 D - Growth	500,000	10	5,000,000	—	—
12) BNP Paribas Fixed Term Fund Series 17C Growth Old Name (Fortis Fixed Term Fund Series 17C Growth)	2,000,000	10	20,000,000	—	—
13) BNP Paribas Fixed Term Fund Series 21 C Dividend Payout	1,000,000	10	10,000,000	—	—
14) DSP Blackrock FMP 13 M Series 04 - Growth	500,000	10	5,000,000	—	—
15) DSP Black Rock FMP - 3M Series 27 Dividend Payout	1,000,000	10	10,000,000	—	—
16) DWS Twin Advantage Fund - Growth	—	10	—	1,981,519	30,000,000
17) Edelweiss Absolute Return Equity Fund - Growth	852,515	10	9,548,167	—	—
18) Fortis Money Plus Institutional Daily Dividend Reinvest	—	10	—	10,227,761	102,309,319
19) HDFC Equity Fund - Growth	11,877	10	3,250,000	—	—
20) HDFC MF Monthly Income Plan - Long Term - Growth	1,321,600	10	29,000,000	—	—
21) HDFC Top 200 Fund - Dividend - Payout	121,106	10	5,643,643	—	—
22) ICICI Prudential Focused Bluechip Equity Retail Dividend	126,373	10	2,040,930	—	—
23) ICICI Prudential FMP Series 56-1 Year Plan A Cumulative	2,500,000	10	25,000,000	—	—
24) ICICI Prudential Fixed Maturity Plan Series 56 1 Year Plan D	2,500,000	10	25,000,000	—	—
25) ICICI Prudential FMP Series 54 - 1 Year Plan A Cumulative	5,000,000	10	50,000,000	—	—
26) ICICI Prudential Fixed Maturity Plan - Series 55 1 Year Plan B - Growth	500,000	10	5,000,000	—	—
27) ICICI Prudential Flexible Income Plan Weekly Dividend Reinvest	—	100	—	386,623	40,771,720
28) ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend	3,000,000	10	30,000,000	—	—
29) Kotak Credit Opportunities Fund - Growth	1,988,213	10	20,000,000	—	—
30) Kotak FMP 13 Months Series 6 Growth	2,000,000	10	20,000,000	2,000,000	20,000,000
31) Kotak FMP Series 39 - Growth	500,000	10	5,000,000	—	—
32) Kotak Floater Long Term - Daily Dividend	—	10	—	21,912	220,873
33) Kotak Liquid (Institutional Premium) Daily Dividend	49,167	10	601,216	—	—
34) Kotak Quarterly Interval Plan Series 1 - Dividend	—	10	—	3,000,000	30,000,000
35) Kotak Quarterly Interval Plan Series 10 - Dividend	5,999,730	10	60,000,000	—	—
36) Principal PNB Fixed Maturity Plan (FMP-69) 91 Days - Series XXVIII - Regular Dividend Payout- Feb11-Regular Dividend Plan	500,000	10	5,000,000	—	—
37) Reliance Monthly Income Plan - Growth	764,625	10	16,000,000	—	—
38) TATA Fixed Maturity Plan Series 30 Scheme A - Growth	1,000,000	10	10,000,000	—	—
39) TATA Floater Fund - Daily Dividend	—	10	—	1,504,106	15,094,606
40) Templeton India Cash Management Account - Dividend Reinvestment	247,481	10	2,474,864	—	—
41) Templeton India Ultra Short Bond Fund - Super Institutional Plan Daily Dividend Reinvestment	13,230,586	10	132,459,333	—	—
42) Templeton India Income Opportunities Fund - Growth	3,000,000	10	30,000,000	3,000,000	30,000,000
43) Templeton Floating Rate Income Fund Long Term Plan - Super Institutional Daily Dividend Reinvest	—	10	—	12,885,061	128,948,859
<b>TOTAL ₹</b>			<b>682,020,507</b>		<b>678,932,248</b>
<b>TOTAL ₹</b>			<b>862,251,589</b>		<b>898,368,265</b>
<b>Aggregate Book Value of all Quoted Investments</b>			<b>61,162,032</b>		<b>1,217,054</b>
<b>Market Value of all Quoted Investments</b>			<b>73,633,549</b>		<b>501,220,435</b>
<b>Aggregate Book Value of all Unquoted Investments</b>			<b>801,089,557</b>		<b>897,151,211</b>

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## 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 ₹
AIQ Quarterly Interval Fund Series I Institutional Dividend Payout	1,000	10,000	10,000,000
Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend - Reinvestment	10	7,000,198	70,138,482
Birla Sunlife Fixed Term Plan Series CX - Growth	10	0	2
Birla Sun Life Frontline Equity Fund - Plan A- Dividend - Payout	10	216,457	5,000,000
Birla Sun Life Midcap Fund - Plan A - Dividend Plan - Payout	10	79,191	2,000,000
Birla Sun Life Savings Fund - Retail - Daily Dividend - Reinvestment	10	514,455	5,148,049
Birla Sun Life Dynamic Bond - Retail - Growth	10	1,758,977	27,500,000
BSL Medium Term Plan - INSTL - Weekly Dividend - Reinvestment	10	1,619,120	16,301,027
Bharti AXA Equity Fund Eco Plan - Growth	10	22,486	395,808
BNP Paribas Fixed Term Fund Series 18 C Dividend on Maturity	10	1,000,000	10,000,000
Old Name (Fortis Fixed Term Fund Ser 18C Div on Maturity)			
BNP Paribas Fixed Term Fund Ser 19E Dividend Payout	10	1,000,000	10,000,000
Fortis Money Plus Institutional Plan Daily Dividend	10	154,402	1,544,511
HDFC Top 200 Fund - Dividend - Payout	10	119,489	6,071,100
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10	1,421,264	15,117,133
HDFC Cash Management Fund - Treasury Advantage Plan - Retail-Daily Dividend-Reinvest	10	633,422	6,354,169
ICICI Prudential Discovery Fund - Dividend - Payout	10	96,272	2,000,000
ICICI Prudential Flexible Income Plan Regular Daily Dividend	100	21,385	2,144,556
ICICI Prudential Flexible Income Plan Premium - Weekly Dividend	100	1,273	134,246
IDFC Super Saver Income Fund - Medium Term Plan B (Institutional Plan) Dividend Reinvest	10	2,229,708	25,448,357
Kotak Bond (Short Term) - Growth	10	414,830	7,500,000
Kotak Floater Long Term - Daily Dividend	10	5,397,059	54,401,279
Kotak Liquid (Institutional) - Daily Dividend	10	71,105,283	869,482,511
Kotak Liquid (Institutional Premium) Daily Dividend	10	7,925,916	96,918,893
L & T FMP II (November 91D A) Dividend Payout	10	500,000	5,000,000
Reliance Monthly Interval Fund Series I - Retail Dividend Plan	10	499,835	5,000,000
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	10	10,058	10,072,039
Shinsei Liquid Fund - Institutional Plan - Daily Dividend	1,000	10,196	10,201,338
TATA Floater Fund - Daily Dividend	10	2,503,307	25,122,186
Templeton India Cash Management Account - Dividend Reinvest	10	3,242,611	32,426,622
Templeton Floating Rate Income Fund Long Term Plan Super INST- DD Reinvest	10	32,990,161	330,476,237
Templeton Floating Rate Income Fund Long Term Plan Retail Option - Growth	10	489,219	8,356,000
Templeton India Treasury Management Account Super Institutional Plan	1,000	158,031	158,137,060
Daily Dividend Reinvestment			
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment	10	53,388,769	534,507,005
UTI Fixed Income Interval Fund - Monthly Interval Plan II Dividend Plan Payout	10	500,000	5,000,000

### NAME OF THE COMPANY

Particulars	Face Value ₹	No. of Shares	Amount in ₹
ADANI ENTERPRISES LIMITED	1	1,274	724,960
ALSTOM PROJECTS INDIA LIMITED	10	939	575,735
APAR INDUSTRIES LIMITED	10	1,738	412,068
BGR ENERGY SYSTEMS LIMITED	10	907	539,455
BENCHMARK MUTUAL FUND LIQUID BEES	1,000	8,027	8,027,405
CAREER POINT INFOSYSTEMS LIMITED	10	429	132,990
COAL INDIA LIMITED	10	34,736	8,510,320
CROMPTON GREAVES LIMITED	2	2,124	528,943
CUMMINS INDIA LIMITED	2	1,061	602,819
DEEP INDUSTRIES LIMITED	10	10,000	1,127,720
DIAMOND POWER INFRASTRUCTURE LIMITED	10	2,773	539,619
ENGINEERS INDIA LIMITED	5	30,753	8,918,370
EVEREST KANTO CYLINDER LIMITED	1	5,000	685,000
EXIDE INDUSTRIES LIMITED	1	27,000	4,385,264
FEDERAL BANK LIMITED	10	5,000	1,501,250
FORTIS HEALTHCARE LIMITED	10	5,000	776,841
GRAVISS HOSPITALITY LIMITED	2	43	1,422
HIMATSINGHA SEIDE LIMITED	5	50,000	3,082,936

# Goldiam International Limited

Particulars	Face Value ₹	No. of Shares	Amount in ₹
IFCI LIMITED	10	50,000	3,116,000
IPCA LABORATORIES LIMITED	2	1,500	446,408
IRB INFRASTRUCTURE DEVELOPERS LIMITED	10	16,630	4,718,491
JYOTI STRUCTURES LIMITED	2	4,156	604,755
KEC INTERNATIONAL LIMITED	10	819	415,705
KARUTURI GLOBAL LIMITED	1	1,000,000	35,800,830
LANCO INFRATECH LIMITED	1	4,856	323,915
LARSEN & TOUBRO LIMITED	2	409	640,422
MERCATOR LINES LIMITED	1	25,000	1,351,628
MIC ELECTRONICS LIMITED	2	50,000	2,001,203
MOIL LIMITED	10	3,835	1,438,125
ORCHID CHEMICALS LIMITED	10	2,500	786,175
OPTO CIRCUITS (INDIA) LIMITED	10	6,005	1,850,536
PIRAMAL HEALTHCARE LIMITED	2	5,000	2,482,397
POWER GRID CORPORATION OF INDIA LIMITED	10	5,896	622,192
RELIANCE INFRASTRUCTURE LIMITED	10	632	648,127
RELAINCE INDUSTRIES LIMITED	10	5,000	5,338,000
SAVITA OIL TECHNOLOGIES LIMITED	10	751	393,722
STERLITE TECHNOLOGIES LIMITED	2	6,020	603,292
SUBEX LIMITED	10	10,000	909,792
SUNDARAM MULTIPAP LIMITED	1	350,000	15,066,000
TATA MOTORS LIMITED DVR A SHARE	10	9,000	5,024,739
TECHNO ELECTRIC & ENGINEERING COMPANY LIMITED	2	1,484	413,737
THERMAX LIMITED	2	977	682,484
TORRENT POWER LIMITED	10	1,534	504,029
TRANSFORMERS & RECTIFIERS (INDIA) LIMITED	10	983	412,404
VA TECH WABAG LIMITED	5	1,479	1,937,490
VINDHYA TELELINKS LIMITED	10	5,000	1,969,586
WOCKHARDT LIMITED	5	22,614	7,569,650

## NAME OF THE DEBT SECURITIES / BOND

Particulars	Face Value ₹	No. of Bonds	Amount in ₹
CERTIFICATE OF DEPOSIT UNITED BANK OF INDIA 11/04/2011	100,000	200	19,471,420
CERTIFICATE OF DEPOSIT ORIENTAL BANK OF COMMERCE 21/12/2011	100,000	100	9,134,090
CERTIFICATE OF DEPOSIT ORIENTAL BANK OF COMMERCE 05/04/2011	100,000	280	27,380,220
9.70% IFCI BONDS 18/05/2030	1,000,000	8	8,000,000
9.35% IDFC BONDS 17/02/2026	1,000,000	28	28,000,000
9.30% YES BANK BONDS 30/04/2020	1,000,000	13	13,000,000
9.15% IDBI BANK PERPETUAL BONDS	1,000,000	1	1,000,100
9.13% NATIONAL AVIATION COMPANY OF INDIA LTD BONDS 26/03/2010	1,000,000	2	2,088,000
8.84 % POWER GRID CORPORATION OF INDIA LTD BONDS 21/10/2021	1,250,000	16	16,016,500
8.83% INDIAN RAILWAY FINANCE CORPORATION BONDS 14/05/2035	1,000,000	12	12,120,000
8.83% INDIAN RAILWAY FINANCE CORPORATION BONDS 14/05/2034	1,000,000	12	12,121,000
8.83% INDIAN RAILWAY FINANCE CORPORATION BONDS 14/05/2032	1,000,000	14	14,089,200
8.82% INFRASTRUCTURE DEVELOPMENT FINANCE CO BONDS 29/09/2025	1,000,000	13	13,000,000
8.79% INFRASTRUCTURE DEVELOPMENT FINANCE CO BONDS 15/09/2020	1,000,000	30	30,000,000
8.79% INDIAN RAILWAY FINANCE CORPORATION BONDS 14/05/2030	1,000,000	19	19,058,900
8.75% RURAL ELECTRIFICATION CORP BONDS 08/06/2025	1,000,000	20	20,010,000
8.68% EXIM BANK BONDS 13/09/2010	1,000,000	13	13,000,000
8.56% PUNJAB SDL 13/04/2020	100	293,000	29,549,519
8.30% GOI 02/07/2040	100	200,000	19,732,000
7.50% INFRASTRUCTURE DEVELOPMENT FINANCE CO LTD. 10/06/2013	1,000,000	13	13,006,500
7.35 % HUDCO BONDS 31/07/2013	1,000,000	2	1,898,400
6.90% OIL MARKET BONDS 04/02/2026	10,000,000	1	8,700,000
6.85% NABARD BONDS 06/07/2013	1,000,000	12	12,006,000
6.85% INDIA INFRASTRUCTURE FINANCE CO LTD TAXFREE BONDS 22/01/2014	100,000	315	32,199,300
15.75% NCD PRAKAUSALI INVESTMENTS (INDIA) PVT LTD.	100,000	15	15,460,095
12.50% MAGMA FINCORP LTD PERPETUAL BONDS	1,000,000	54	54,000,000
11.40% FUTURE CORPORATE RESOURCES LTD NCD 30JUL2013	100,000	200	20,042,960
11.35% TATA MOTORS FINANCE PERPETUAL BONDS	500,000	78	39,057,800
10.90% NCD TATA MOTORS FINANCE LTD 20/01/2020	500,000	32	16,080,000
10.70% NCD TATA MOTORS FINANCE LIMITED 28/04/2020	500,000	60	30,000,000



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SCHEDULE "6"	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	₹	₹
<b>I) CURRENT ASSETS :</b>		
<b>a) INVENTORIES</b>		
As taken, valued & certified by the Management		
Stock of Consumable Stores & Spare parts (at cost)	1,267,915	1,434,857
Raw Materials	248,998,413	221,439,261
(At cost or net realisable value whichever is less)		
Stock in process	12,060,727	—
(At cost or net realisable value whichever is less)		
Finished Goods	54,620,270	59,227,318
(At cost or net realisable value whichever is less)		
<b>TOTAL ₹</b>	<b>316,947,325</b>	<b>282,101,436</b>
<b>b) SUNDRY DEBTORS</b>		
(Unsecured)		
Outstanding for a period exceeding six months		
– Considered good	150,019,802	51,677,416
– Considered doubtful	—	—
Other Debts		
– Considered good	279,486,426	206,806,950
– Considered doubtful	—	—
<b>TOTAL ₹</b>	<b>429,506,228</b>	<b>258,484,366</b>
<b>c) CASH AND BANK BALANCES</b>		
Cash on hand	1,239,820	775,605
Balance with Banks in		
– Current Account	20,081,485	9,066,151
– EEFC Account	7,942,886	16,903,362
– Fixed Deposit with Banks	211,813	63,464
<b>TOTAL ₹</b>	<b>29,476,004</b>	<b>26,808,582</b>
<b>II) LOANS AND ADVANCES :</b>		
(Considered good except where provided for)		
Loans and Advances	52,379,004	111,259,773
Advance tax paid (net of provision)	6,880,060	21,795,480
Security & Other Deposits	2,034,482	2,053,890
<b>TOTAL ₹</b>	<b>61,293,546</b>	<b>135,109,143</b>
<b>SCHEDULE "7"</b>	<b>837,223,103</b>	<b>702,503,527</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors :		
Dues to Micro, Small and Medium Enterprises	3,651,005	120,124
Others	128,703,402	122,050,408
Advance from Customers	2,715,320	2,341,571
Overdrawn balance with Banks	311,996	—
	<b>135,381,724</b>	<b>124,512,103</b>
<b>PROVISIONS :</b>		
Proposed Dividend	—	24,945,996
Provision for Tax on Proposed Dividend	—	4,143,280
Provision for Current Tax	1,941,462	4,691,129
Provision for Wealth Tax	156,000	143,425
<b>TOTAL ₹</b>	<b>2,097,462</b>	<b>33,923,830</b>
<b>SCHEDULE "8"</b>	<b>137,479,186</b>	<b>158,435,933</b>
<b>MISCELLANEOUS EXPENDITURE :</b>		
(To the extent not written off or adjusted)		
Voluntary Retirement Scheme expenses	—	29,587,594
Add : Addition during the year	—	20,480,247
	—	50,067,841
Less : written off during the year	—	50,067,841
<b>TOTAL ₹</b>	<b>—</b>	<b>—</b>

# Goldiam International Limited

SCHEDULE "9"	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>SALES :</b>	₹	₹
EXPORT SALES	721,603,109	521,833,471
LOCAL SALES	64,661,627	71,751,666
	<u>786,264,736</u>	<u>593,585,137</u>
LESS : VAT	42,817	68,204
	<u>786,221,919</u>	<u>593,516,933</u>
<b>TOTAL ₹</b>	<b><u>786,221,919</u></b>	<b><u>593,516,933</u></b>
 <b>SCHEDULE "10"</b>		
<b>INCREASE/DECREASE IN STOCK :</b>		
<b>Closing Stocks</b>		
Finished Goods	54,620,270	59,227,318
Stock in Process	12,060,727	—
	<u>66,680,997</u>	<u>59,227,318</u>
<b>Opening Stocks</b>		
Finished Goods	59,227,318	—
Stock in Process	—	68,493,555
	<u>59,227,318</u>	<u>68,493,555</u>
<b>TOTAL ₹</b>	<b><u>7,453,679</u></b>	<b><u>(9,266,237)</u></b>
 <b>SCHEDULE "11"</b>		
<b>OTHER INCOME :</b>		
Debit / Credit Balance written off	46,621	17,689,056
Dividend on Units of Mutual Funds	17,124,683	15,604,219
Profit on sale of Current Investments (net)	6,662,241	16,496,758
Dividend on shares	98,416	2,012
Bad debts recovered	184,229	—
Miscellaneous Income	34,000	6,779
Interest received (TDS ₹970,510/- Previous year ₹2,313,793/-)	17,216,370	17,329,564
Rent Income (TDS ₹894,600/- Previous year ₹2,828,525/-)	8,946,000	14,555,625
Consultancy Income	—	332,050
	<u>50,312,561</u>	<u>82,016,062</u>
<b>TOTAL ₹</b>	<b><u>50,312,561</u></b>	<b><u>82,016,062</u></b>
 <b>SCHEDULE "12"</b>		
<b>COST OF MATERIALS :</b>		
Opening Stock	221,439,261	261,575,053
Add: Purchases	587,498,427	315,352,113
(Net of Exchange Gain of ₹7,969,409/- Previous year Gain of ₹11,108,130/-)	<u>808,937,688</u>	<u>576,927,166</u>
Less : Closing Stock	248,998,413	221,439,261
<b>TOTAL ₹</b>	<b><u>559,939,275</u></b>	<b><u>355,487,905</u></b>

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	For the year ended 31.03.2011 ₹	For the year ended 31.03.2010 ₹
<b>SCHEDULE "13"</b>		
<b>MANUFACTURING AND OTHER EXPENSES :</b>		
<b>MANUFACTURING EXPENSES :</b>		
Stores & Spares	1,698,230	2,945,179
Power & Water	4,075,301	4,756,377
Repairs & Maintenance (Building)	174,708	185,284
Machinery & Electrical Repairs	106,985	300,429
Grooving Charges	259,505	390,365
Insurance (Building)	63,881	63,882
Others	2,713,863	3,930,561
	<b>9,092,473</b>	<b>12,572,077</b>
<b>WAGES, SALARIES AND OTHER BENEFITS :</b>		
Salaries, Wages, Bonus & Ex-gratia	11,259,124	8,727,112
Contribution to E.S.I.C.	107,264	199,202
Contribution to Provident Fund	203,879	462,871
Voluntary Retirement Scheme Expenses written off	—	50,067,841
Contribution to Group Gratuity Scheme	66,431	1,336,754
Contribution to life cover premium under Group Gratuity Scheme	—	18,260
Workmen & Staff Welfare expenses	686,083	564,113
	<b>12,322,781</b>	<b>61,376,153</b>
<b>OTHER EXPENSES :</b>		
Insurance charges	158,547	181,036
Exchange Difference	—	54,427,433
Rent, Rates & Taxes	1,696,182	1,719,407
Repairs & Maintenance others	870,608	1,103,371
Commission on Sales	10,263,346	10,459,973
Advertisement	628,669	440,291
Travelling and Conveyance	2,636,323	1,851,036
Telephone charges	743,668	657,546
Printing & Stationery	923,493	668,969
Auditors' Remuneration	202,000	162,000
Donation	79,001	25,000
Vehicle expenses	1,106,397	1,065,819
Portfolio Management fees	885,007	34,000
Security Transaction Tax	352,111	131,291
Bad Debts	—	15,156,208
Revaluation Loss on Investments	2,838,652	441,176
ECGC Premium	1,380,943	3,309,101
Share Buy Back expenses	—	990,169
Exhibition expenses	1,432,035	—
Discount to Customers	4,692,789	—
General expenses	18,466,071	3,308,229
	<b>49,355,842</b>	<b>96,132,054</b>
<b>TOTAL ₹</b>	<b>70,771,096</b>	<b>170,080,284</b>
<b>SCHEDULE "14"</b>		
<b>INTEREST &amp; FINANCE CHARGES :</b>		
Bank charges	1,915,134	1,978,398
Interest on Bank Loan	2,330,055	89,320
Stamp Duty	601,400	—
<b>TOTAL ₹</b>	<b>4,846,589</b>	<b>2,067,718</b>

# Goldiam International Limited

## SCHEDULE "15" 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 results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

### C) FIXED ASSETS:

Fixed Assets are stated at cost (Net of VAT wherever applicable) less accumulated depreciation and impairments, if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for intended use. 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 up to 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 (FIFO) basis.
- ii) Stores and Spares are valued at cost on First In First Out (FIFO) basis.
- iii) Work in progress, manufactured finished goods and traded goods are valued at lower of cost and net realisable value. Cost of work in progress and manufactured finished goods comprises of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. 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.
- c) Transactions denominated 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.
- 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 foreign exchange forward 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 (Net of Returns) 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 benefit 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.

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## **Actuarial Valuation :**

The liability in respect of defined plans, is accrued in the books of account on the basis of actuarial valuation carried out using the Projected Unit Credit Method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of benefit plans, based on the market yields as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

## **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. The weighted average number of equity shares outstanding during the period are adjusted for events of buy back of shares. 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 comprises of Current and Deferred tax.

Income Tax expense comprises of 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 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.

## **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 reliability of such assets. However, if it has become virtual certain that an inflow of economic benefits will arise, assets and related income are 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 financial year ended on 31<sup>st</sup> March, 2009. In accordance with the transitional provision contained in Accounting Standard 15, the Company has chosen to amortize such expenses in equal quarterly installments upto the year ended on 31<sup>st</sup> March, 2010.



## SCHEDULE "16"

### NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS :

#### 1 CONTINGENT LIABILITIES NOT PROVIDED FOR :

- a) The Company has outstanding performance guarantee of ₹10,019,250/- as on the Balance Sheet date, executed in favour of Deputy Commissioner of Customs (Previous year ₹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 ₹13,696,775/- (Previous year ₹13,696,775/-) on account of property tax.
  - c) The Company has executed Bank Guarantee of ₹200,000,000/- (Previous year ₹150,000,000/-) favouring The Hongkong and Shanghai Banking Corporation Limited and of ₹100,000,000/- (Previous year ₹Nil) favouring YES Bank Limited, Mumbai for its wholly owned subsidiary, Goldiam Jewellery Limited, Mumbai.
  - d) Commitment under contribution agreement with Kotak Alternate Opportunities (India) Fund is ₹Nil (Previous year ₹6,250,000/-)
- 2 Estimated amount of contracts remaining to be executed on Capital Account and not provided for is ₹Nil. (Previous year ₹Nil.)
- 3 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 USA, Inc.
2	Associates	Goldiam HK Limited Temple Designs LLP
3	Key Management Personnel	Mr. Manhar R. Bhansali (Chairman & Managing Director) Mr. Rashesh M. Bhansali (Vice Chairman & Managing Director)

#### b) Transactions during the year with related parties:

(Amount in ₹)

Sr. No.	Nature of Transaction	Subsidiaries		Associates / Joint Ventures		Key Management Personnel	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
i)	Payments to & provision for Directors' remuneration	—	—	—	620,810	3,906,878	—
ii)	Interest received	682,192	7,285,773	—	—	—	—
iii)	Loans given	—	45,095,819	—	—	—	—
iv)	Loans refunded	75,046,481	140,073,851	—	—	—	—
v)	Guarantee given	150,000,000	150,000,000	—	—	—	—
vi)	Purchase of Investments	—	5,199,090	—	—	—	—
vii)	Sale of Machinery	—	—	—	45,000	—	—
viii)	Sale of goods	177,916,097	86,157,133	1,062,968	4,301,778	—	—
ix)	Purchase of goods	65,008,495	77,045,220	4,510,911	1,023,413	—	—
I)	Outstanding Loan given as on 31 <sup>st</sup> March	—	75,046,481	—	12,659,964	—	—
II)	Outstanding Guarantee given as on 31 <sup>st</sup> March	300,000,000	150,000,000	—	—	—	—
III)	Outstanding Receivables as on 31 <sup>st</sup> March	124,097,174	16,079,654	3,880,366	4,140,472	—	—
IV)	Outstanding Payables as on 31 <sup>st</sup> March	3,318,456	27,827,630	207,463	—	306,878	—

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## c) Disclosure in respect of Transactions with related parties during the year :

Sr. No.	Nature of Transaction	Subsidiaries							Key Management Personnel	Associates / Joint Ventures		(Amount in ₹)
		Goldiam Jewellery Limited	Diagold Designs Limited	Goldiam HK Limited (Upto 23.07.2009)	Goldiam Jewels Limited	Goldiam USA, Inc.	Rashesh M. Bhansali	Temple Designs LLP		Goldiam HK Limited (from 23.07.2009)		
i)	Payments to & provision for Directors' remuneration	—	—	—	—	—	—	—	—	3,906,878	—	—
ii)	Interest received	682,192 (6,323,975)	—	—	—	(961,798)	—	—	—	—	—	(620,810)
iii)	Loans given	—	—	—	—	—	—	—	—	—	—	—
iv)	Loans refunded	75,046,481 (140,073,851)	—	—	—	—	—	—	—	—	—	—
v)	Guarantee given	150,000,000 (150,000,000)	—	—	—	—	—	—	—	—	—	—
vi)	Purchase of Investments	—	—	—	—	—	—	—	—	—	—	—
vii)	Sale of Machinery	—	—	(5,199,090)	—	—	—	—	—	—	—	—
viii)	Sale of goods	55,946,202 66,325,061	—	—	—	(116,234)	—	121,969,895 (19,715,838)	—	—	—	1,062,968 (4,301,778)
ix)	Purchase of goods	—	17,507 (11,047,405)	—	50,892,220 (48,096,504)	—	—	14,098,768 (15,480,945)	—	—	—	4,510,911 (1,023,413)
I)	Outstanding Loan given as on 31 <sup>st</sup> March	—	—	—	—	—	—	—	—	—	—	—
II)	Outstanding Guarantee given as on 31 <sup>st</sup> March	300,000,000 (150,000,000)	—	—	—	—	—	—	—	—	—	—
III)	Outstanding Receivables as on 31 <sup>st</sup> March	24,423,672 (3,215,205)	—	—	—	—	—	99,673,502 (12,864,449)	—	—	—	3,880,366 (4,140,472)
IV)	Outstanding Payables as on 31 <sup>st</sup> March	—	—	—	—	—	—	3,318,456 (13,592,125)	—	306,878	—	207,463

**4 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.

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

Class of Goods Manufactured	Unit	LICENSED CAPACITY		INSTALLED CAPACITY		ACTUAL PRODUCTION	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
JEWELLERY	Kgs	N. A.	N.A.	N. A.	N. A.	193.44	160.11

**6** Amounts due from subsidiaries & Associates included under Loans and Advances, Receivables & Payables are as follows :

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>Loans and Advances :</b>		
Goldiam Jewellery Limited (Maximum balance outstanding during the year (₹75,046,481/-)	—	75,046,481
Goldiam HK Limited (subsidiary upto 22.07.2009 and Joint Venture thereafter) (Maximum balance outstanding during the year (₹12,659,964/-)	—	12,659,964
<b>Receivables :</b>		
Goldiam HK Limited (subsidiary upto 22.07.2009 and Joint Venture thereafter)	3,880,366	4,140,472
Goldiam Jewellery Limited	24,423,672	3,215,205
Goldiam USA, Inc.	99,673,502	12,864,449
<b>Payables :</b>		
Goldiam HK Limited (subsidiary upto 22.07.2009 and Joint Venture thereafter)	207,463	—
Goldiam Jewels Limited	—	14,216,187
Goldiam USA, Inc.	3,318,456	13,592,125
Diagold Designs Limited	—	19,318

**7 EARNING PER SHARE :**

PARTICULARS	2010-11	2009-10
Profit after Tax	₹63,438,441	₹51,123,417
No. of shares outstanding	24945996	24945996
Weighted Average no. of shares + potential shares outstanding	24945996	25444093
Earning per share (Basic)	₹2.54	₹2.05
Earning per share (Diluted)	₹ 2.54	₹2.01

**8 JOINT VENTURE :**

In compliance with the Accounting Standard relating to "Financial Reporting of Interests in Joint Ventures" (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 year ended 31.03.2011 (in percentage)	For the period ended 31.03.2010 (in percentage)
Goldiam HK Limited (from 23.07.2009)	Hong Kong	49.93%	49.93%

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Goldiam HK Limited	For the year ended 31.03.2011 ₹	For the period ended 31.03.2010 ₹			
Proportionate Reserves and Surplus as at the beginning of the year	(10,255,654)	N.A			
Proportionate Transfer to Reserves	—	—			
Proportionate Surplus/(Deficit) in Profit and Loss Account (net of transfer to reserves, dividend etc.)	1,776,752	(8,903,394)			
Proportionate Reserves and Surplus as at the end of the year	(8,478,902)	(10,255,654)			
	As on 31.03.2011	For the year ended on 31.03.2011			
Name of the Company & Country of Incorporation	Percentage of Shareholding %	Assets ₹	Liabilities ₹	Income ₹	Expenditure ₹
<b>Goldiam HK Ltd., Hong Kong</b>	<b>49.93%</b>	<b>462,546,033</b>	<b>261,786,212</b>	<b>81,396,202</b>	<b>79,205,545</b>
(Period ended 31 <sup>st</sup> March, 2010)	(49.93%)	(58,104,476)	(22,940,160)	(63,855,047)	(72,758,442)

The above figures have been taken from audited accounts of Joint Venture as on 31<sup>st</sup> March, 2011 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 ₹Nil.

9 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES :	As at 31.3.2011 ₹	As at 31.3.2010 ₹
(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.	3,651,005	120,124
(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

## 10 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 31.03.2011 ₹	Gratuity Funded 31.03.2010 ₹
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>		
Present Value of obligation as at the beginning of the year	177,839	3,902,150
Current service cost	303,908	303,908
Interest cost	14,227	312,172

<b>Assumptions</b>	<b>Gratuity Funded 31.03.2011 ₹</b>	<b>Gratuity Funded 31.03.2010 ₹</b>
Actuarial (gain)/loss	<b>(284,794)</b>	5,240,656
Benefits paid	—	(9,581,047)
Present Value of obligation as at the end of the year	<b>211,180</b>	177,839
<b>Change in Plan Assets</b>		
Plan assets at period beginning, at fair value	<b>222,535</b>	3,923,370
Expected return on plan assets	<b>21,060</b>	84,211
Actuarial (gain)/loss	—	—
Contributions	<b>66,431</b>	5,828,671
Benefits paid	—	(9,581,047)
Plan assets at period end 2011, at fair value	<b>310,026</b>	255,205
<b>Fair Value of Plan Assets</b>		
Fair Value of plan assets at the beginning of the year	<b>222,535</b>	3,923,370
Actual return on plan assets	<b>21,060</b>	84,211
Contributions	<b>66,431</b>	5,828,671
Benefits paid	—	(9,581,047)
Fair Value of plan assets at the end of the year	<b>310,026</b>	255,205
Funded status	<b>98,846</b>	77,366
Excess of Actual over estimated return	<b>NIL</b>	NIL
<b>The amounts to be recognized in the Balance Sheet and statements of Profit and Loss</b>		
Present value of obligations as at the end of the year	<b>211,180</b>	177,839
Fair value of plan assets as at the end of the year	<b>310,026</b>	255,205
Funded status	<b>98,846</b>	177,839
Net asset/(liability) recognised in Balance Sheet	<b>98,846</b>	77,366
<b>Expenses for the year</b>		
Current service cost	<b>303,908</b>	303,908
Interest cost on benefit obligation	<b>14,227</b>	312,172
Expected return on plan assets	<b>(21,060)</b>	(84,211)
Net actuarial (gain)/loss recognised in the year	<b>(284,794)</b>	5,240,656
Total expenses recognised in the Profit and Loss Account	<b>12,281</b>	5,772,525

<b>Assumptions</b>	<b>31.03.2011 Gratuity</b>	<b>31.03.2010 Gratuity</b>
Discount Rate	<b>8.0%</b>	8.0%
Employee Turnover	<b>5.0%</b>	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.

Amounts recognised as an expense:

(i) **Defined Benefit Plan :**

Gratuity includes gratuity cost of ₹66,431/- (Previous year ₹1,336,754/-).

Leave Encashment ₹202,019/- (Previous year ₹165,345/-).

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(ii) **Defined Contribution Plan :**

Contribution to Provident Fund is ₹203,879/- (Previous year ₹462,871/-), ESIC and Labour Welfare Fund includes ₹109,820/- (Previous year ₹206,348/-).

**11 MANAGERIAL REMUNERATION:**

a) Computation of Managerial Remuneration in accordance with Section 349 read with Section 198 of the Companies Act, 1956

Particulars	Amount in ₹	Amount in ₹
Profit as per Profit & Loss Account		63,438,441
Add: Director's Remuneration (including perquisites)	3,906,878	
Provision for Income Tax	16,585,000	
Provision for Wealth Tax	156,000	
Deferred tax provision	2,701,033	
Loss on sale of Fixed Assets	508,168	
Short Provision for Tax	<u>1,131,104</u>	
		<u>24,988,183</u>
		88,426,624
Less: Short/Excess provision for taxation of earlier year written back		
Excess provision for tax written back	3,626,815	
Profit on sale of Investments	<u>6,662,241</u>	
		<u>10,289,056</u>
<b>Profit on which commission is payable</b>		<b><u><u>78,137,569</u></u></b>

**Managing Directors' Commission:**

Eligible Remuneration in terms of Section 309 of the Companies Act, 1956 @5% of ₹78,137,569	3,906,878
Less: Remuneration (excluding commission) paid	<u>3,600,000</u>
<b>Balance Commission payable</b>	<b><u><u>306,878</u></u></b>

b) **Details of payment made to the Managing Directors and Directors:** (Amount in ₹)

PARTICULARS	MANAGING DIRECTORS	OTHER DIRECTORS	TOTAL 2010-11	TOTAL 2009-10
i) Salaries	3,600,000	—	<b>3,600,000</b>	—
ii) Perquisites	—	—	—	—
iii) Bonus	—	—	—	—
iv) Commission	306,878	—	<b>306,878</b>	—
v) Sitting Fees	—	180,000	<b>180,000</b>	180,000
<b>TOTAL ₹</b>	3,906,878	180,000	<b>4,086,878</b>	180,000

12. PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK :  
QUANTITATIVE DETAILS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011

PARTICULARS	UNITS	OPENING STOCK		PURCHASE		IN HOUSE TRANSFER		SALES		CLOSING STOCK	
		QTY	VALUE ₹	QTY	VALUE ₹	QTY	VALUE ₹	QTY	VALUE ₹	QTY	VALUE ₹
A) RAW MATERIALS :											
GOLD	GMS	5,156.41 (1,048.53)	8,508,561 (1,327,621)	95,589.77 (65,661.81)	182,535,299 (100,626,620)	—	—	—	—	3,338.18 (5,156.41)	6,740,475 (8,508,561)
PLATINUM	GMS	0.68 (8.83)	1,325 (13,567)	250.25 (1,361.61)	677,197 (2,698,272)	—	—	—	—	0.62 (0.68)	1,203 (1,325)
GOLD FINDINGS	GMS	382.83 (466.17)	611,580 (755,429)	1,788.96 (2,300.44)	4,098,354 (922,616)	—	—	—	—	861.87 (382.83)	1,932,852 (611,580)
COLOR STONES	CRTS	6,841.59 (6,599.04)	4,361,795 (4,069,602)	416.32 (424.69)	295,552 (347,099)	—	—	—	—	6,943.43 (6,841.59)	4,514,808 (4,361,795)
CUT & POLISHED DIAMONDS	CRTS	22,222.11 (23,844.97)	199,361,675 (246,230,011)	26,354.79 (18,797.46)	342,185,546 (148,480,077)	—	—	—	—	17,711.54 (22,222.11)	226,245,595 (199,361,675)
ALLOY	GMS	44,000.00 (20,000.00)	379,517 (192,680)	90,470.00 (90,799.90)	672,905 (528,494)	—	—	—	—	24,000.00 (44,000.00)	199,141 (379,517)
GOLD MOUNTINGS	GMS	7.16 (7.16)	10,043 (10,043)	—	—	—	—	—	—	7.16 (7.16)	10,043 (10,043)
SILVER MODELS	GMS	5,229.17 (13,955.60)	1,367,798 (1,810,174)	2,642.67 (1,808.00)	2,933,679 (1,024,929)	—	—	—	—	5,913.47 (5,229.17)	2,901,087 (1,367,798)
SILVER FINDINGS	GMS	262.66	17,967	2,426.41 (2,796.10)	246,078 (255,393)	—	—	—	—	222.39 (262.66)	26,955 (17,967)
SEMI FINISHED GOLD JEWELLERY	GMS	—	—	10,166.47 (12,368.75)	50,743,836 (58,218,306)	—	—	—	—	—	—
SEMI FINISHED SILVER JEWELLERY	GMS	—	—	1,213.39	42,437	—	—	—	—	—	—
TRADE DESIGNS		—	6,819,000 (7,165,926)	—	3,067,545 (2,250,305)	—	—	—	—	—	6,426,254 (6,819,000)
<b>TOTAL</b>		—	<b>221,499,261</b> (261,575,053)	—	<b>587,498,427</b> (315,362,113)	—	—	—	—	—	<b>248,998,413</b> (221,439,261)



**12. PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK (Continued) :**  
**QUANTITATIVE DETAILS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011**

PARTICULARS	UNITS	OPENING STOCK		PURCHASE		IN HOUSE TRANSFER		SALES		CLOSING STOCK	
		QTY	VALUE ₹	QTY	VALUE ₹	QTY	VALUE ₹	QTY	VALUE ₹	QTY	VALUE ₹
<b>B) PURCHASE FOR TRADING :</b>											
GOLD	GMS	—	—	—	—	—	—	—	—	—	—
				(5,888.92)	(7,371,173.00)	—	—	(5,888.92)	(7,371,173.00)	—	—
GOLD FINDINGS	GMS	—	—	—	—	—	—	—	—	—	—
				(21.53)	(15,817.00)	—	—	(21.53)	(15,817.00)	—	—
COLOR STONE	CTS	—	—	—	—	—	—	—	—	—	—
ALLOY	GMS	—	—	—	—	—	—	—	—	—	—
				(200.10)	(494)	—	—	(200.10)	(494)	—	—
SILVER MODELS	GMS	—	—	164.01	112,490	—	—	164.01	112,490	—	—
				(8.70)	(1,175)	—	—	(8.70)	(1,175)	—	—
ROUGH DIAMONDS	CTS	—	—	—	—	—	—	—	—	—	—
CUT & POLISHED DIAMONDS	CTS	—	—	12,621.69	113,727,434	—	—	12,621.69	113,727,434	—	—
				(8,599.26)	(72,083,400)	—	—	(8,599.26)	(72,083,400)	—	—
SILVER JEWELLERY	IN PCS	21,363.00	5,376,158	—	—	—	—	—	—	—	—
		(85,953.00)	(7,557,926)	—	—	—	—	21,363.00	4,281,757	—	—
STAINLESS STEEL JEWELLERY	IN PCS	—	—	—	—	—	—	—	—	—	—
		(1,534.00)	(166,378)	—	—	—	—	(1,534.00)	(384,615)	—	—
GOLD JEWELLERY	IN PCS	—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
<b>TOTAL</b>		—	5,376,158	—	113,839,924	—	—	—	118,121,681	—	—
		—	(7,724,304)	—	(79,472,059)	—	—	—	(85,138,350)	—	(5,376,158)
<b>C) FINISHED GOODS :</b>											
WORK IN PROCESS	(IN KGS)	—	—	—	—	—	—	—	—	—	2.99
JEWELLERY	(IN KGS)	13,100	53,851,160	—	—	—	—	194.29	668,100,237	12.25	54,620,270
		(9,900)	(60,769,251)	—	—	—	—	(156.91)	(508,378,583)	(13.100)	(53,851,160)
<b>TOTAL</b>		—	53,851,160	—	—	—	—	—	668,100,237	—	66,680,997
		—	(68,493,555)	—	—	—	—	—	(593,516,933)	—	(59,227,318)

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## 13 DETAILS OF RAW MATERIAL CONSUMED :

	Quantity	Value (In ₹)
<b>JEWELLERY DIVISION :</b>		
Gold (Grams)	<b>97,408.00</b> (61,553.93)	<b>184,303,385</b> (93,445,680)
Platinum (Grams)	<b>250.31</b> (1369.76)	<b>677,319</b> (2,710,514)
Gold Findings (Grams)	<b>1,309.92</b> (2,383.78)	<b>2,777,082</b> (1,066,465)
Cut & Polished Diamonds (Carats)	<b>30,865.36</b> (20,420.32)	<b>315,301,626</b> (195,348,413)
Color Stones (Carats)	<b>314.48</b> (142.14)	<b>142,539</b> (54,906)
Alloy (Grams)	<b>110,470.00</b> (66,799.90)	<b>853,281</b> (341,657)
Gold Mountings (Grams)	—	—
Silver Models (Grams)	<b>1,958.37</b> (10,534.43)	<b>1,400,390</b> (1,467,305)
Silver Findings (Grams)	<b>2,466.68</b> (2,533.44)	<b>237,090</b> (237,426)
Semi Finished Gold Jewellery (Grams)	<b>10,166.47</b> (12,368.75)	<b>50,743,836</b> (58,218,306)
Semi Finished Silver Jewellery (Grams)	<b>1,213.39</b> —	<b>42,437.12</b> —

## 14 VALUE OF IMPORTS ON C.I.F. BASIS :

PARTICULARS	2010-11 ₹	2009-10 ₹
1 Raw Materials	<b>275,244,322</b>	169,979,301
2 Consumable Stores	<b>771,181</b>	2,186,147
3 Capital Goods	<b>2,082,396</b>	—

## 15 EXPENDITURE IN FOREIGN CURRENCY :

PARTICULARS	2010-11 ₹	2009-10 ₹
Foreign Travels	<b>1,109,658</b>	732,000
Other Expenses	<b>2,612,668</b>	82,496

## 16 REMITTANCE IN FOREIGN EXCHANGE CURRENCY ON ACCOUNT OF DIVIDEND :

Year to which Dividend relates	2010-11	2009-10
No. of Foreign Company	<b>1</b>	1
No. of shares on which remittances were made	<b>2700000</b>	2700000
Net Dividend	<b>₹5,400,000</b>	₹Nil

## 17 EARNINGS IN FOREIGN EXCHANGE :

	2010-11 ₹	2009-10 ₹
F.O.B.Value of Exports	<b>718,791,747</b>	515,607,572

# Goldiam International Limited

- 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 ₹		Percentage (%)	
	2010-11	2009-10	2010-11	2009-10
1 Raw Materials				
A Imported	298,005,323	146,440,817	53.22%	41.19%
B Indigenous	261,933,952	209,047,088	46.78%	58.81%
2 Consumable Stores & Spares				
A Imported	881,946	2,388,350	51.93%	81.09%
B Indigenous	816,284	556,829	48.07%	18.91%

- 19 The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8<sup>th</sup> February, 2011 and 21<sup>st</sup> February, 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the Circular. The Company has satisfied the conditions stipulated in the Circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

## 20 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 contracts and option contracts, where the counterparty is bank. The forward contracts or options 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 31<sup>st</sup> March, 2011 is US\$ 3.6 million (Previous year US\$ Nil) equivalent to ₹16.72 crores (Previous year ₹Nil) and for Import Payables and Bank Borrowings outstanding Forward Contract entered into by the Company as on 31<sup>st</sup> March, 2011 is US\$ Nil (Previous year US\$ Nil) equivalent to ₹Nil (Previous year ₹Nil).

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 charged ₹Nil (Previous year ₹5.20 crores) in the Profit and Loss Account in respect of outstanding contracts as at 31<sup>st</sup> March, 2011 and 31<sup>st</sup> March, 2010. No such contracts were outstanding as on 31<sup>st</sup> March, 2011.

### Unhedged foreign currency exposure :

PARTICULARS	31.03.2011		31.03.2010	
	In Millions	₹ In Lacs	In Millions	₹ In Lacs
Outstanding Receivables & Loan	US\$ 6.0175	2,622.13	US\$ 2.919	2,722.81
Outstanding creditors for goods and spares	US\$ 2.8054	1,252.60	US\$ 2.579	1,197.20
Exchange Earner's Foreign Currency account with Banks	US\$ 0.1758	78.50	US\$ 0.371	167.53
Exchange Earner's Foreign Currency account with Banks	EURO —	—	EURO 0.001	0.51
Outstanding creditors for spares	EURO 0.0001	0.05	EURO —	—
Packing Credit in Foreign Currency with Bank	US\$ 1.7555	783.84	US\$ —	—
Post Shipment Credit in Foreign Currency with Bank	US\$ 0.1431	63.91	US\$ —	—

- 21 The Deferred Tax Assets comprise of the following :

Particulars	As at	As at
	31.03.2011	31.03.2010
	₹	₹
Deferred Tax Assets related to Fixed Assets	2,344,593	1,520,355
Deferred Tax Assets related to Employee Benefits	8,438,842	11,964,113

## 22 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 ₹)

	Year to 31.03.2011			TOTAL
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	
Segment Revenue	795,432,769	41,101,711	—	836,534,479
Segment Results	48,360,544	39,764,776	—	88,125,320
Less: unallocated expenses net of unallocated (income)	—	—	(2,893,968)	(2,893,968)
Interest expenses (Net)	—	—	—	4,846,589
Profit before tax	—	—	—	80,384,764
Depreciation and Amortisation	—	—	—	13,698,343
Non cash expenses other than Depreciation and Amortisation	—	—	—	—
Segment Assets	990,687,271	774,423,003	39,735,629	1,804,845,904
Segment Liabilities (excluding Shareholders' Funds)	219,845,162	—	2,097,462	221,942,624

(Amount in ₹)

	Year to 31.03.2010			TOTAL
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	
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

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	2010-11 ₹	2009-10 ₹
<b>1. Segment Results :</b>		
Within India	(2,690,161)	1,819,708
Exports outside India	51,050,705	837,923
Total Revenue	<u>48,360,544</u>	<u>2,657,631</u>

# Goldiam International Limited

PARTICULARS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>2. Segment Assets :</b>		
Within India	6,550,862	47,329,106
Exports outside India	<u>984,136,410</u>	<u>840,106,371</u>
Total Assets	<u>990,687,271</u>	<u>887,435,477</u>
<b>3. Segment Liabilities :</b>		
Within India	—	—
Exports outside India	<u>219,845,162</u>	<u>124,512,103</u>
Total Liabilities	<u>219,845,162</u>	<u>124,512,103</u>

23 Salaries & wages include Directors' remuneration of ₹3,906,878/- (Previous year ₹Nil)

24 Remuneration to Auditors :

Particulars	2010-11 ₹	2009-10 ₹
As Auditors	192,000	152,000
Tax Audit Fees	<u>10,000</u>	<u>10,000</u>
<b>Total ₹</b>	<u>202,000</u>	<u>162,000</u>

25 Sales include Exchange Loss of ₹35,130,068/- (Previous year Exchange Gain of ₹6,593,091/-).

26 The amount of profit in respect of forward exchange contracts to be recognised in the Profit and Loss Account for the next accounting period is ₹741,920/- (Previous year ₹Nil).

27 Purchase Trading Goods includes Exchange Gain/Loss of ₹Nil (Previous year ₹Nil).

28 Previous year figures have been rearranged or re-grouped, wherever necessary.

Signatures to the Schedules 1 to 16 forming part of the Balance Sheet and Profit and Loss Account.

As per our report of even date.

**For Pulindra Patel & Co.**  
Chartered Accountants  
FRN No. 115187W

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**  
Vice Chairman & Mg. Director

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### 1. REGISTRATION DETAILS :

Registration No. 

4	1	2	0	3
---	---	---	---	---

 State Code 

1	1
---	---

  
 Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

### 2. CAPITAL RAISED DURING THE YEAR (Amount in ₹ Thousands)

Public Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Bonus Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

### 3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in ₹ Thousands)

Total Liabilities 

		1	6	6	7	6	7	8
--	--	---	---	---	---	---	---	---

 Total Assets 

		1	6	6	7	6	7	8
--	--	---	---	---	---	---	---	---

#### SOURCES OF FUNDS

Paid-up Capital 

		2	4	9	4	6	0
--	--	---	---	---	---	---	---

 Reserves & Surplus 

		1	3	3	3	4	4	3
--	--	---	---	---	---	---	---	---

  
 Secured Loans 

		8	4	7	7	5
--	--	---	---	---	---	---

 Unsecured Loans 

						N	I	L
--	--	--	--	--	--	---	---	---

  
 Deferred Tax Liability 

						N	I	L
--	--	--	--	--	--	---	---	---

#### APPLICATION OF FUNDS

Net Fixed Assets 

		9	4	9	0	0
--	--	---	---	---	---	---

 Investments 

		8	6	2	2	5	1
--	--	---	---	---	---	---	---

  
 Net Current Assets 

		6	9	9	7	4	4
--	--	---	---	---	---	---	---

 Miscellaneous Expenditure 

						N	I	L
--	--	--	--	--	--	---	---	---

  
 Deferred Tax Assets 

		1	0	7	8	3
--	--	---	---	---	---	---

 Accumulated Losses 

						N	I	L
--	--	--	--	--	--	---	---	---

### 4. PERFORMANCE OF COMPANY (Amount in ₹ Thousands)

Turnover 

		7	8	6	2	2	2
--	--	---	---	---	---	---	---

 Total Expenditure 

		7	0	5	8	3	7
--	--	---	---	---	---	---	---

  
 Profit before tax 

		8	0	3	8	5
--	--	---	---	---	---	---

 Profit after Tax 

		6	3	4	3	8
--	--	---	---	---	---	---

  
 Earning Per Share in ₹ 

		2	.	5	4
--	--	---	---	---	---

 Dividend Rate % 

						1	0
--	--	--	--	--	--	---	---

### 5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS

Item Code : 

	7	1	1	3	.	1	9
--	---	---	---	---	---	---	---

J	E	W	E	L	L	E	R	Y
---	---	---	---	---	---	---	---	---

## **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") and its subsidiaries ("the Group") as at 31<sup>st</sup> March, 2011, 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 asset (net) ₹477,734,527/- as at 31<sup>st</sup> March, 2011 and total net loss of ₹3,312,625/- and cash flow amounting to (₹1,145,209/-) 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 and Joint Venture, is based solely on the reports of the other auditors.
4. The consolidated financial statements have been prepared by using proportionate consolidation as is

required by the Accounting Standard 27, Financial Reporting of Interests in Joint Ventures, 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 Interests in Joint Ventures (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 regarding unaudited financial statements of subsidiary 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 31<sup>st</sup> March, 2011;
  - 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  
FRN No.115187W

**PULINDRA M. PATEL**  
Proprietor  
Membership No. 048991

Place : Mumbai  
Date: 28<sup>th</sup> May, 2011



## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

	Schedule No.	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>I) SOURCES OF FUNDS :</b>			
<b>1) SHAREHOLDERS FUNDS :</b>			
a) SHARE CAPITAL	1	249,459,960	249,459,960
b) RESERVES AND SURPLUS	2	<u>1,721,631,992</u>	<u>1,563,348,895</u>
		<b>1,971,091,952</b>	<b>1,812,808,855</b>
<b>2) MINORITY INTEREST</b>		<b>150,094,374</b>	<b>150,218,825</b>
<b>3) LOAN FUNDS :</b>			
SECURED LOANS	3	436,377,106	245,546,214
UNSECURED LOANS	4	<u>60,309,757</u>	<u>68,586,604</u>
		<b>496,686,863</b>	<b>314,132,817</b>
<b>TOTAL ₹</b>		<u><b>2,617,873,189</b></u>	<u><b>2,277,160,497</b></u>
<b>II) APPLICATION OF FUNDS :</b>			
<b>1) FIXED ASSETS</b>			
GROSS BLOCK	5	402,120,799	396,126,464
LESS: DEPRECIATION		<u>215,595,483</u>	<u>200,868,610</u>
NET BLOCK		<b>186,525,316</b>	<b>195,257,855</b>
<b>2) INVESTMENTS</b>	6	<b>733,932,542</b>	<b>770,049,218</b>
<b>3) DEFERRED TAX ASSETS</b> (Refer Note No.17 of Schedule 18)		<b>12,351,817</b>	<b>15,807,755</b>
<b>4) CURRENT ASSETS, LOANS AND ADVANCES :</b>			
a) INVENTORIES		972,314,479	861,866,046
b) SUNDRY DEBTORS		1,003,477,246	765,940,010
c) CASH AND BANK BALANCES		63,613,728	92,866,123
d) LOANS AND ADVANCES		<u>97,893,642</u>	<u>77,291,329</u>
		<b>2,137,299,094</b>	<b>1,797,963,509</b>
<b>5) LESS: CURRENT LIABILITIES AND PROVISIONS :</b>			
1) CURRENT LIABILITIES	8	449,407,495	469,785,687
2) PROVISIONS		<u>3,365,694</u>	<u>34,286,750</u>
		<b>452,773,189</b>	<b>504,072,437</b>
<b>NET CURRENT ASSETS</b>		<b>1,684,525,906</b>	<b>1,293,891,071</b>
<b>6) MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted) (Refer Schedule 16 Note No. xiii)	9	<b>537,608</b>	<b>2,154,597</b>
<b>TOTAL ₹</b>		<u><b>2,617,873,189</b></u>	<u><b>2,277,160,497</b></u>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	16		
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	17		

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  
FRN No.115187W

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**  
Vice Chairman & Mg. Director

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

# Goldiam International Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

	Schedule No.	For the year ended 31.03.2011 ₹	For the year ended 31.03.2010 ₹
<b>I) INCOME :</b>			
SALES	10	2,390,670,047	1,787,113,992
INCREASE/DECREASE IN STOCK	11	171,961,424	45,431,371
OTHER INCOME	12	51,518,758	75,446,456
<b>TOTAL ₹</b>		<b>2,614,150,229</b>	<b>1,907,991,819</b>
<b>II) EXPENDITURE :</b>			
RAW MATERIALS CONSUMED	13	1,848,806,310	1,290,251,331
PURCHASE TRADING		279,184,948	130,491,951
MANUFACTURING AND OTHER EXPENSES	14	220,618,645	364,645,967
INTEREST AND FINANCE CHARGES	15	37,302,349	36,164,499
PRELIMINARY EXPENSES	9	1,287,064	1,244,877
DEPRECIATION, AMORTISATION & IMPAIRMENT	5	23,031,155	24,509,813
LOSS ON SALE OF ASSETS		491,458	4,570,150
IMPAIRMENT OF INVESTMENT OF SUBSIDIARY		1,243,421	—
<b>TOTAL ₹</b>		<b>2,411,965,350</b>	<b>1,851,878,589</b>
<b>III) PROFIT :</b>			
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>202,184,880</b>	<b>56,113,230</b>
<b>PROVISION FOR TAXATION :</b>			
– CURRENT TAX		19,146,509	6,602,594
– DEFERRED TAX ASSET		3,297,886	9,237,255
– FRINGE BENEFIT TAX		—	28,127
– SHORT / EXCESS PROVISION FOR TAX		2,069,378	1,316,115
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>181,809,862</b>	<b>60,035,879</b>
ADD : SHARE OF PROFIT/(LOSS) OF MINORITY INTEREST		4,116,198	11,461,009
ADJUSTMENT ON CHANGE IN HOLDING IN SUBSIDIARY		743,106	(10,813)
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>186,669,166</b>	<b>71,486,075</b>
BALANCE BROUGHT FORWARD		999,750,304	957,353,505
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>1,186,419,470</b>	<b>1,028,839,580</b>
<b>APPROPRIATION :</b>			
INTERIM DIVIDEND		24,945,996	—
TAX ON INTERIM DIVIDEND		4,143,217	—
PROPOSED DIVIDEND		—	24,945,996
PROVISION FOR TAX ON PROPOSED DIVIDEND		—	4,143,280
BALANCE CARRIED FORWARD TO BALANCE SHEET		1,157,330,257	999,750,304
<b>TOTAL ₹</b>		<b>1,186,419,470</b>	<b>1,028,839,580</b>
EARNING PER SHARE (Face Value ₹10/-)			
Basic		7.48	2.87
Diluted		7.48	2.81
(See Note No. 12 of Schedule 17)			
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>16</b>		
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>17</b>		

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  
FRN No.115187W

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**  
Vice Chairman & Mg. Director

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

# Annual Report 2010-2011

## CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

PARTICULARS	2010-11 ₹	2009-10 ₹
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	202,184,880	56,113,230
ADJUSTMENT FOR :		
Depreciation (Schedule 5)	23,031,155	24,509,813
(Profit)/Loss on sale of Investment (Net)	(6,662,241)	(16,496,758)
Revaluation Loss on Investment	2,838,652	(10,608,997)
Interest received & paid	19,059,013	26,185,899
(Profit)/Loss on sale of Assets	491,458	4,570,150
Dividend received	(17,223,099)	(15,606,231)
Miscellaneous expenditure written off	1,287,064	1,244,877
Voluntary Retirement Scheme expenses written off	—	59,750,599
Short or Excess Provision written off	(2,069,378)	(1,316,115)
Share of Minority Interest	(4,240,649)	(32,932,986)
Adjustment for Change of Holding & Translation Reserves	1,446,253	
Loss on Investment written off	1,243,421	
	<u>19,201,648</u>	<u>39,300,252</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	221,386,528	95,413,482
ADJUSTMENT FOR :		
Trade and other Receivable	(232,761,542)	407,232,832
Inventories	(110,448,433)	(96,835,486)
Trade Payable	(32,702,334)	(69,773,094)
	<u>(375,912,308)</u>	<u>240,624,252</u>
CASH GENERATED FROM OPERATIONS	(154,525,780)	336,037,734
Interest Paid	(37,302,349)	(36,164,499)
Direct Tax Paid	(25,723,972)	(5,524,101)
Voluntary Retirement Scheme expenses	—	(20,480,247)
	<u>(63,026,321)</u>	<u>(62,168,847)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(217,552,100)	273,868,887
NET CASH FROM OPERATING ACTIVITIES	(217,552,100)	273,868,887
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(21,275,849)	(20,112,109)
Sale of Fixed Assets	3,181,333	33,890,667
Purchase of Investments	(3,961,793,003)	(2,304,653,916)
Sale of Investments	3,999,746,741	2,056,229,911
Interest received	18,243,336	7,887,470
Dividend received	17,223,099	15,606,231
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	55,325,657	(211,151,747)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Share Capital including security premium amount	—	(23,214,016)
Preliminary expenses incurred	—	(712,338)
Proceeds/(Repayment) of Long Term Borrowing	182,554,045	(106,060,506)
Dividend paid	(49,891,992)	—
NET CASH USED IN FINANCING ACTIVITIES	132,662,053	(129,986,860)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(29,564,390)	(67,269,720)
CASH AND CASH EQUIVALENTS AS AT 01.04.2010	92,866,123	160,135,843
CASH AND CASH EQUIVALENTS AS AT 31.03.2011	63,301,732	92,866,123

As per our report of even date.

**For Pulindra Patel & Co.**  
Chartered Accountants  
FRN No.115187W

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**  
Vice Chairman & Mg. Director

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

**SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE "1"</b>		
<b>SHARE CAPITAL :</b>		
<b>AUTHORISED CAPITAL</b>		
31000000 Equity Shares of ₹10/- each (Previous year 31000000 Equity Shares of ₹10/- each)	<b>310,000,000</b>	310,000,000
	<b>310,000,000</b>	310,000,000
<b>ISSUED CAPITAL</b>		
24945996 Equity Shares of ₹10/- each (Previous year 24945996 Equity Shares of ₹10/- each)	<b>249,459,960</b>	249,459,960
	<b>249,459,960</b>	249,459,960
<b>SUBSCRIBED AND PAID UP CAPITAL</b>		
24945996 Equity Shares of ₹10/- each (Previous year 24945996 Equity Shares of ₹10/- each)	<b>249,459,960</b>	249,459,960
1) Out of which Nil (13216400) Equity Shares of ₹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 Nil (Previous year 600000) equity shares of ₹10/- each and paid ₹Nil (Previous year ₹23,214,016/-) by way of Premium and the same including face value of shares bought back has been debited to Security Premium and General Reserve account.		
<b>TOTAL ₹</b>	<b>249,459,960</b>	249,459,960
<b>SCHEDULE "2"</b>		
<b>RESERVES AND SURPLUS :</b>		
<b>1. Capital Redemption Reserve</b>		
As per last Balance Sheet	20,868,040	14,868,040
Add : Transfer from Security Premium and General Reserve	—	6,000,000
	<b>20,868,040</b>	20,868,040
<b>2. Security Premium</b>		
As per last Balance Sheet	—	15,354,326
Less: Utilised during the year for buy-back of shares	—	11,816,296
Transfer to Capital Redemption Reserve	—	3,538,030
	—	—
<b>3. Capital Reserve</b>		
As per last Balance Sheet	47,970,000	47,970,000
<b>4. General Reserve</b>		
As per last Balance Sheet	492,538,426	500,398,116
Less: Utilised during the year for buy-back of shares	—	5,397,720
Transfer to Capital Redemption Reserve	—	2,461,970
	<b>492,538,426</b>	492,538,426
<b>5. Profit &amp; Loss Account</b>	<b>1,157,330,257</b>	999,750,306
<b>6. Foreign Currency Translation Reserves</b>	<b>2,925,270</b>	2,222,123
<b>TOTAL ₹</b>	<b>1,721,631,992</b>	1,563,348,895

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	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE "3"</b>		
<b>SECURED LOANS :</b>		
<b>WORKING CAPITAL LOAN FROM BANK</b>		
Foreign Currency Loans	262,549,877	152,350,152
Rupee Loans	172,681,971	91,449,244
<b>MOTOR CAR LOAN</b>		
HDFC Bank Car Loan	1,145,258	1,746,818
<b>TOTAL ₹</b>	<b><u>436,377,106</u></b>	<b><u>245,546,214</u></b>
<b>1. WORKING CAPITAL LOANS</b>		
a) ₹84,775,435/- is secured by pari passu charge on present & future Inventories, Receivables of Goldiam International Limited.		
b) ₹255,872,995/- is secured by hypothecation of Stock, Debtors and Inventories and equitable mortgage of Leasehold Land and Factory Building at R-1 Cama Industrial Estate, Walbhat Road, Goregaon (East), Mumbai-400 063.		
c) ₹94,583,418/- is secured by first pari passu charge on present & future Inventories, Receivables and Corporate Guarantee by Holding Company M/s. Goldiam International Limited.		
<b>2. MOTOR CAR LOANS</b>		
(Motor Car Loan is secured against Motor Cars)		
<b>SCHEDULE "4"</b>		
<b>UNSECURED LOANS :</b>		
Other Loans:		
From Directors	60,000,000	51,001,782
From Others	309,757	17,584,822
<b>TOTAL ₹</b>	<b><u>60,309,757</u></b>	<b><u>68,586,604</u></b>

# Goldiam International Limited

## SCHEDULE " 5 " FIXED ASSETS (Amount in ₹)

Sr. No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost as on 01.04.2010	Addition	Deduction	Cost As on 31.03.2011	As on 01.04.2010	For the Year	Deduction	As on 31.03.2011	As on 31.03.2010	
1	GOODWILL ON CONSOLIDATION	1,490,466	—	—	1,490,466	1,379,336	27,783	—	1,407,119	83,347	111,130
2	LAND	50,646,821	—	—	50,646,821	—	—	—	—	50,646,821	50,646,821
3	FACTORY BUILDING	65,667,114	—	—	65,667,114	40,170,172	2,272,083	—	42,442,255	23,224,859	25,496,942
4	OFFICE PREMISES	64,655,666	66,859	—	64,722,525	19,183,956	2,322,503	—	21,506,459	43,216,066	45,471,710
5	FURNITURE & FIXTURE	50,551,855	169,671	1,171,519	49,550,007	34,919,010	3,506,013	58,576	38,366,446	11,183,561	15,632,845
6	OFFICE EQUIPMENT	10,628,121	241,861	396,329	10,473,653	5,585,622	577,927	84,675	6,078,873	4,394,780	5,042,499
7	PLANT & MACHINERY										
	A) MACHINERY	66,627,488	3,053,871	1,003,606	68,677,754	46,212,424	4,442,990	75,270	50,580,144	18,097,610	20,415,064
	B) COMPUTERS	20,810,318	485,490	341,901	20,953,907	17,197,695	1,796,432	102,570	18,891,557	2,062,350	3,612,623
	C) AIR CONDITIONER	9,501,333	100,205	96,321	9,505,216	5,821,453	465,493	7,224	6,279,722	3,225,494	3,679,880
	D) LIFT	1,693,524	—	—	1,693,524	1,492,717	155,119	—	1,647,836	45,688	200,807
	E) ELECTRICAL INST.	25,761,355	6,293	673,602	25,094,047	15,433,663	986,301	50,520	16,369,444	8,724,603	10,327,692
8	VEHICLES	28,092,402	17,151,599	11,598,236	33,645,765	13,472,562	6,478,511	7,925,445	12,025,628	21,620,137	14,619,840
	<b>TOTAL ₹</b>	<u>396,126,463</u>	<u>21,275,849</u>	<u>15,281,513</u>	<u>402,120,799</u>	<u>200,868,609</u>	<u>23,031,155</u>	<u>8,304,281</u>	<u>215,595,483</u>	<u>186,525,316</u>	<u>195,257,854</u>
	PREVIOUS YEAR	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	

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

2. Depreciation on Plant & Machinery includes impairment loss of ₹Nil

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SCHEDULE "6"	No. of Shares	Face Value ₹	As at 31.03.2011 ₹	No. of Shares	As at 31.03.2010 ₹
<b>INVESTMENTS :</b>					
<b>A. LONG TERM INVESTMENTS</b>					
<b>TRADE:</b>					
<b>OTHER THAN TRADE:</b>					
<b>In Equity Shares - Unquoted, fully paid up</b>					
Sip Technologies Limited	1,891	10	<b>18,910</b>	1,891	18,910
<b>In Units of Mutual Fund, fully paid up</b>					
J.M.Core 11 Fund Series 1 Dividend Option	—	10	—	1,000,000	8,450,800
<b>In Debentures - Unquoted, fully paid up</b>					
	<b>No. of Debentures</b>			<b>No. of Debentures</b>	
1) Jayneer Capital Pvt. Ltd. 13% NCD(*)	—	50,000	—	3	15,204,135
2) Prakausali Investments (India) Pvt Ltd. 12.75% NCD (*)	—	1,000,000	—	20	20,000,000
Note (*) : (NCD refers to Non Convertible Debentures)					
<b>In Others</b>					
1) Kotak Alternate Opportunities (India) Fund			<b>23,693,125</b>		17,443,125
2) Kshitij Venture Capital Fund	28,200	1,000	<b>28,200,000</b>	30,000	30,000,000
<b>TOTAL ₹</b>			<b>51,912,035</b>		91,116,970
<b>B. CURRENT INVESTMENTS</b>					
<b>OTHER THAN TRADE:</b>					
<b>In Equity Shares - Quoted, fully paid up</b>					
	<b>No. of Shares</b>			<b>No. of Shares</b>	
1) Classic Diamonds (I) Limited	5	2	<b>62</b>	1	102
2) Gujarat Pipavav Ports Limited	51,500	10	<b>51,500</b>	51,500	51,500
3) Reliable Ventures Limited	50,000	10	<b>890,000</b>	50,000	1,165,000
4) S B & T International Limited	1	10	<b>12</b>	1	10
5) Shrenuj & Co Limited	5	2	<b>74</b>	1	74
6) Suashish Diamonds Limited	1	10	<b>69</b>	1	69
7) Suraj Diamonds & Jewellery Limited	1	10	<b>43</b>	1	43
8) Titan Industries Limited	1	10	<b>257</b>	1	257
<b>In Units of Mutual Fund - Quoted fully paid up</b>					
Benchmark Mutual Fund Liquid Bees	0.0169	1,000	<b>15</b>	—	—
<b>In Redeemable Preference Shares - Unquoted, fully paid</b>					
K.S.Realty Construction Private Limited	2,750	10	<b>27,500</b>	2,750	27,500
<b>In Debentures - Quoted, fully paid up</b>					
	<b>No. of Debentures</b>			<b>No. of Debentures</b>	
1) Deutsche Investment India Pvt Ltd - NCD series 33 04March2014	100	1,000,000	<b>9,170,000</b>	—	—
2) Morgan Stanley India Capital Pvt Ltd Sr-4 BR NCD (*)	46	1,000,000	<b>46,000,000</b>	50	50,000,000
3) Morgan Stanley India Capital Pvt Ltd Sr-13 BR NCD (*)	5	1,000,000	<b>5,050,000</b>	20	20,200,000
<b>In Debentures - Unquoted, fully paid up</b>					
1) Barclays Investments & Loans (India) LTD Sr- 115 BR NCD(*)	—	1,000,000	—	34	34,000,000
2) Barclays Investments & Loans (India) LTD Sr- 121 BR NCD(*)	—	1,000,000	—	25	25,000,000
3) Morgan Stanley India Capital Pvt Ltd Sr-14 BR NCD (*)	—	1,000,000	—	5	5,050,000
4) Morgan Stanley India Capital Pvt Ltd Sr-3 BR NCD(*)	—	1,000,000	—	50	50,000,000
Note (*) : (NCD refers to Non Convertible Debentures)					
<b>In Units of Mutual Fund -Unquoted</b>					
	<b>No. of Units</b>			<b>No. of Units</b>	
1) Axis Fixed Term Plan Series 13 (370 Days) - Growth	1,000,000	10	<b>10,000,000</b>	—	—
2) Bharti AXA Equity Fund Eco Plan - Growth	—	10	—	37,762	658,725
3) Bharti AXA Treasury Advantage Fund - Institutional Plan - Daily Dividend	—	1,000	—	40,000	40,000,000
4) Birla Sun Life Frontline Equity Fund - Plan A - Dividend - Payout	216,305	10	<b>4,674,342</b>	—	—



# Goldiam International Limited

SCHEDULE "6" continued		No. of Shares	Face Value ₹	As at 31.03.2011 ₹	No. of Shares	As at 31.03.2010 ₹
5)	Birla Sun Life Fixed Term Plan Series CT - Growth	2,000,000	10	20,000,000	—	—
6)	Birla Sunlife Fixed Term Plan Series CU - Growth	1,000,000	10	10,000,000	—	—
7)	Birla Sunlife Fixed Term Plan Series CX - Growth	2,513,848	10	25,138,480	—	—
8)	Birla Sun Life MIP II - Savings 5 - Growth	—	10	—	923,462	15,000,000
9)	BSL Medium Term Plan - Institutional - Weekly Dividend - Reinvest	—	10	—	4,032,726	40,433,592
10)	BNP Paribas Fixed Term Fund Series 20A Growth	1,500,000	10	15,000,000	—	—
11)	BNP Paribas Fixed Term Fund Series 19 D - Growth	500,000	10	5,000,000	—	—
12)	BNP Paribas Fixed Term Fund Series 17C Growth Old Name (Fortis Fixed Term Fund Series 17C Growth)	2,000,000	10	20,000,000	—	—
13)	BNP Paribas Fixed Term Fund Series 21 C Dividend Payout	1,000,000	10	10,000,000	—	—
14)	DSP Blackrock FMP 13 M Series 04 - Growth	500,000	10	5,000,000	—	—
15)	DSP Black Rock FMP - 3M Series 27 Dividend Payout	1,000,000	10	10,000,000	—	—
16)	DWS Twin Advantage Fund - Growth	—	10	—	1,981,519	30,000,000
17)	Edelweiss Absolute Return Equity Fund - Growth	852,515	10	9,548,167	—	—
18)	Fortis Money Plus Institutional Daily Dividend Reinvest	—	10	—	10,227,761	102,309,319
19)	HDFC Equity Fund - Growth	11,877	10	3,250,000	—	—
20)	HDFC MF Monthly Income Plan - Long Term - Growth	1,321,600	10	29,000,000	—	—
21)	HDFC Top 200 Fund - Dividend - Payout	121,106	10	5,643,643	—	—
22)	ICICI Prudential Focused Bluechip Equity Retail Dividend	126,373	10	2,040,930	—	—
23)	ICICI Prudential FMP Series 56-1 Year Plan A Cumulative	2,500,000	10	25,000,000	—	—
24)	ICICI Prudential Fixed Maturity Plan Series 56 1 Year Plan D	2,500,000	10	25,000,000	—	—
25)	ICICI Prudential FMP Series 54 - 1 Year Plan A Cumulative	5,000,000	10	50,000,000	—	—
26)	ICICI Prudential Fixed Maturity Plan - Series 55 1 Year Plan B - Growth	500,000	10	5,000,000	—	—
27)	ICICI Prudential Flexible Income Plan Weekly Dividend Reinvest	—	100	—	386,623	40,771,720
28)	ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend	3,000,000	10	30,000,000	—	—
29)	Kotak Credit Opportunities Fund - Growth	1,988,213	10	20,000,000	—	—
30)	Kotak FMP 13 Months Series 6 Growth	2,000,000	10	20,000,000	2,000,000	20,000,000
31)	Kotak FMP Series 39 - Growth	500,000	10	5,000,000	—	—
32)	Kotak Floater Long Term - Daily Dividend	—	10	—	21,912	220,873
33)	Kotak Liquid (Institutional Premium) Daily Dividend	49,167	10	601,216	—	—
34)	Kotak Quarterly Interval Plan Series 1 - Dividend	—	10	—	3,000,000	30,000,000
35)	Kotak Quarterly Interval Plan Series 10 - Dividend	5,999,730	10	60,000,000	—	—
36)	Principal PNB Fixed Maturity Plan (FMP-69) 91 Days - Series XXVIII - Regular Dividend Payout - Feb11-Regular Dividend Plan	500,000	10	5,000,000	—	—
37)	Reliance Monthly Income Plan - Growth	764,625	10	16,000,000	—	—
38)	TATA Fixed Maturity Plan Series 30 Scheme A - Growth	1,000,000	10	10,000,000	—	—
39)	TATA Floater Fund - Daily Dividend	—	10	—	1,504,106	15,094,606
40)	Templeton India Cash Management Account - Dividend Reinvestment	247,481	10	2,474,864	—	—
41)	Templeton India Ultra Short Bond Fund - Super Institutional Plan Daily Dividend Reinvestment	13,230,586	10	132,459,333	—	—
42)	Templeton India Income Opportunities Fund - Growth	3,000,000	10	30,000,000	3,000,000	30,000,000
43)	Templeton Floating Rate Income Fund Long Term Plan - Super Institutional Daily Dividend Reinvest	—	10	—	12,885,061	128,948,859
<b>TOTAL ₹</b>				<b>682,020,507</b>		<b>678,932,248</b>
<b>TOTAL ₹</b>				<b>733,932,542</b>		<b>770,049,218</b>

# Annual Report 2010-2011

## SCHEDULE "7"

### CURRENT ASSETS, LOANS AND ADVANCES :

	As at 31.03.2011	As at 31.03.2010
<b>I) CURRENT ASSETS :</b>	₹	₹
<b>a) INVENTORIES</b>		
Stock of Consumable Stores & Spare parts (at cost)	3,433,052	3,211,075
Raw Materials	609,972,906	671,707,874
(At cost or net realisable value whichever is less)		
Stock in process	30,583,215	—
(At cost or net realisable value whichever is less)		
Finished Goods	328,325,306	186,947,097
(At cost or net realisable value whichever is less)		
<b>TOTAL ₹</b>	<b>972,314,479</b>	<b>861,866,046</b>
<b>b) SUNDRY DEBTORS</b>		
(Unsecured)		
Outstanding for a period exceeding six months		
– Considered good	813,816,579	485,910,227
– Considered doubtful	—	—
Other Debts		
– Considered good	162,197,620	280,029,783
– Considered doubtful	—	—
<b>TOTAL ₹</b>	<b>1,003,477,246</b>	<b>765,940,010</b>
<b>c) CASH AND BANK BALANCES</b>		
Cash on hand	3,360,114	4,576,974
Balance with Schedule Banks in		
– Current Account	30,833,321	22,706,053
– EEFC Account	22,134,875	59,511,123
– Fixed Deposit with Banks	7,285,418	6,071,974
<b>TOTAL ₹</b>	<b>63,613,728</b>	<b>92,866,123</b>
<b>II) LOANS AND ADVANCES :</b>		
(Advances recoverable in cash or in kind or for value to be received)		
Loans and Advances	88,410,400	74,560,991
Security & Other Deposits	9,483,242	2,730,338
<b>TOTAL ₹</b>	<b>97,893,642</b>	<b>77,291,329</b>
<b>TOTAL ₹</b>	<b>2,137,299,094</b>	<b>1,797,963,509</b>

## SCHEDULE "8"

### CURRENT LIABILITIES & PROVISIONS :

#### CURRENT LIABILITIES :

Sundry Creditors :		
Dues to Micro, Small and Medium Enterprises	6,745,693	4,112,092
Dues to others Creditors	439,634,485	463,332,024
Overdrawn balance with Banks	311,996	—
Advance from Customers	2,715,320	2,341,571
	<b>449,407,495</b>	<b>469,785,687</b>
<b>PROVISIONS :</b>		
Proposed Dividend	—	24,945,996
Provision for Tax on Proposed Dividend	—	4,143,280
Provision for Current Tax	3,209,694	5,041,139
Provision for Wealth Tax	156,000	156,335
	<b>3,365,694</b>	<b>34,286,750</b>
<b>TOTAL ₹</b>	<b>452,773,189</b>	<b>504,072,437</b>

# Goldiam International Limited

<b>SCHEDULE "9"</b>		<b>As at</b>	<b>As at</b>
<b>MISCELLANEOUS EXPENDITURE :</b>		<b>31.03.2011</b>	<b>31.03.2010</b>
(To the extent not written off or adjusted)	₹	₹	₹
Preliminary expenses	507,144		417,582
Less: written off	<u>97,268</u>		<u>55,081</u>
		<b>409,876</b>	<b>362,501</b>
Pre-operative expenses	1,317,528		2,269,554
Add : Pre-operative expenses incurred during the year	—		712,338
Less: written off	<u>1,189,796</u>		<u>1,189,796</u>
		<b>127,732</b>	<b>1,792,096</b>
Voluntary Retirement expenses	—		36,912,859
Add : Addition during the year	<u>20,480,247</u>		<u>20,480,247</u>
	<b>20,480,247</b>		<b>57,393,106</b>
Less : written off during the year	<u>20,480,247</u>		<u>57,393,106</u>
		<b>—</b>	<b>—</b>
<b>TOTAL ₹</b>		<b><u>537,608</u></b>	<b><u>2,154,597</u></b>
		<b>For the year</b>	<b>For the year</b>
		<b>ended 31.03.2011</b>	<b>ended 31.03.2010</b>
	₹	₹	₹
<b>SCHEDULE "10"</b>			
<b>SALES :</b>			
A) EXPORTS	2,304,777,661		1,776,452,674
B) LOCAL	<u>85,995,501</u>		<u>10,764,433</u>
	<b>2,390,773,162</b>		<b>1,787,217,107</b>
LESS: VAT	<u>103,115</u>		<u>103,115</u>
		<b>2,390,670,047</b>	<b>1,787,113,992</b>
<b>TOTAL ₹</b>		<b><u>2,390,670,047</u></b>	<b><u>1,787,113,992</u></b>
<b>SCHEDULE "11"</b>			
<b>INCREASE/DECREASE IN STOCK :</b>			
<b>Closing Stocks</b>			
Finished Goods	328,325,306		186,947,097
Stock in Process	<u>30,583,215</u>		<u>—</u>
		<b>358,908,521</b>	<b>186,947,097</b>
<b>Opening Stocks</b>			
Finished Goods	186,947,097		141,515,726
Stock in Process	<u>—</u>		<u>—</u>
		<b>186,947,097</b>	<b>141,515,726</b>
<b>TOTAL ₹</b>		<b><u>171,961,424</u></b>	<b><u>45,431,371</u></b>
<b>SCHEDULE "12"</b>			
<b>OTHER INCOME :</b>			
Rent		8,946,000	14,565,625
Debit / Credit Balance written off		115,620	17,689,056
Discount received		21,256	5,001
Dividend on Mutual Funds		17,124,683	15,604,219
Profit on sale of Investments (net)		6,662,241	16,496,758
Dividend on shares		98,416	2,012
Miscellaneous Income		122,977	773,135
Interest received		18,243,336	9,978,600
Consultancy Income		—	332,050
Bad debts recovered		184,229	—
<b>TOTAL ₹</b>		<b><u>51,518,758</u></b>	<b><u>75,446,456</u></b>

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	For the year ended 31.03.2011 ₹	For the year ended 31.03.2010 ₹
<b>SCHEDULE "13"</b>		
<b>RAW MATERIALS CONSUMED :</b>		
Opening Stock	671,707,874	620,290,475
Add: Purchases	1,787,071,342	1,341,668,730
	<u>2,458,779,216</u>	<u>1,961,959,205</u>
Less : Closing Stock	609,972,906	671,707,874
<b>TOTAL ₹</b>	<u>1,848,806,310</u>	<u>1,290,251,331</u>
<b>SCHEDULE "14"</b>		
<b>MANUFACTURING AND OTHER EXPENSES :</b>		
<b>MANUFACTURING EXPENSES :</b>		
Stores & Spares	5,992,739	9,874,870
Power & Water	10,678,048	12,266,796
Repairs & Maintenance (Building)	388,137	196,044
Machinery & Electrical Repairs	439,180	613,558
Grooving Charges	7,814,474	1,509,719
Insurance (Building)	131,057	151,483
Others	27,864,989	24,594,379
	<u>53,308,623</u>	<u>49,206,849</u>
<b>WAGES, SALARIES AND OTHER BENEFITS :</b>		
Salaries, Wages, Bonus & Ex-gratia	42,788,292	47,370,641
Contribution to E.S.I.C.	395,598	429,425
Contribution to Provident Fund	726,610	1,104,633
Voluntary Retirement Scheme written off	—	59,750,599
Contribution to Group Gratuity Scheme	191,329	1,403,576
Contribution to Life Cover Premium under Group Gratuity Scheme	—	18,260
Workmen & Staff Welfare expenses	3,596,957	2,361,489
	<u>47,698,786</u>	<u>112,438,622</u>
<b>OTHER EXPENSES :</b>		
Insurance charges	589,362	875,083
Exchange Difference others	915,823	98,088,146
Rent, Rates & Taxes	9,808,642	10,579,901
Repairs & Maintenance	2,295,104	2,778,754
Commission on Sales	13,405,648	16,403,479
Advertisement	851,665	440,291
Travelling and Conveyance	7,705,985	6,890,117
Telephone charges	1,608,979	2,032,167
Printing & Stationery	1,214,685	1,214,420
Auditors' Remuneration	717,687	428,075
Donation	79,001	28,600
Vehicle expenses	1,299,700	1,772,851
Portfolio Management fees	885,007	34,000
Security Transaction Tax	352,111	131,291
Exhibition expenses	2,461,126	—
Discount to Customers	6,300,477	—
Bad Debts	2,838,652	17,269,649
General expenses	66,281,580	44,033,674
	<u>119,611,236</u>	<u>203,000,496</u>
<b>TOTAL ₹</b>	<u>220,618,645</u>	<u>364,645,967</u>
<b>SCHEDULE "15"</b>		
<b>INTEREST &amp; FINANCE CHARGES :</b>		
Bank charges	10,749,924	10,690,547
Interest	25,199,224	25,312,847
Stamp Duty	1,353,201	161,106
<b>TOTAL ₹</b>	<u>37,302,349</u>	<u>36,164,499</u>

## 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 "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 Limited and National Stock Exchange of India Limited.

##### 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 Interests 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, its subsidiaries and Joint Ventures are drawn up to the same reporting date i.e. 31<sup>st</sup> March, 2011.

##### 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 Ventures (AS-27) issued by the Institute of Chartered Accountants of India.
- (ii) The financial statements of the Company and its subsidiary companies is 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 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 consists 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.
- (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 statements 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 subsidiary has been revalued as on 31<sup>st</sup> 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 Value" method (except in the case of 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 market value, whichever is lower on First In First Out (FIFO) basis.
- ii) Stores and Spares are valued at cost on First In First Out (FIFO) basis.
- iii) Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Traded 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 subsidiary is US Dollar and of Joint Venture is HK Dollar. In preparing consolidated financial statements 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 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.

**(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 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.

**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 (net of returns) 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:**

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

**viii) RETIREMENT BENEFITS TO EMPLOYEES :**

**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 benefit 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 Group makes payment to group gratuity policy issued by Life Insurance Corporation of India.

**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 segments 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. The weighted average number of equity shares outstanding during the period are adjusted for events of rights issue. 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 comprises of Current and Deferred tax :

Income Tax expense comprises of 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 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.

**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 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 are 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 financial year ended on 31<sup>st</sup> March, 2009. In accordance with the transitional provision contained in Accounting Standard 15, the Group has chosen to amortize such expenses in equal quarterly installments upto the year ended 31<sup>st</sup> March, 2010. Preliminary expenses are written off over the period of five years.

## SCHEDULE "17"

### NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT:

- 1) The consolidated accounts for the year ended 31<sup>st</sup> March, 2011 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. and audited accounts of Joint Venture M/s. Goldiam HK Limited.
- 2) The consolidated accounts for the year ended 31<sup>st</sup> March, 2011 were consolidated on the basis of the audited accounts presented by the Joint Venture M/s. Goldiam HK Limited.
- 3)
  - a) One of the subsidiaries, M/s. Diagold Designs Limited, has disinvested its entire stake, being 51% of the paid up capital, in its subsidiary "OOO Tiarra Jewels" w.e.f. 1<sup>st</sup> July, 2010.
  - b) M/s. Goldiam Jewels SDN BHD, a company incorporated in Malaysia by M/s. Diagold Designs Limited as Joint Venture with 30% stake, has closed its business and its name has been struck off as per the provisions of the country of incorporation. The entire investment made has been written off and debited to Consolidated Profit and Loss Account.
  - c) During the year under review, subsidiary M/s. Diagold Designs Limited being a designated partner has reduced its share of profit from Limited Liability Partnership Firm namely Temple Designs LLP from 95% to 51% with effect from 4<sup>th</sup> May, 2010. The accounts of the said LLP have been consolidated as per the audited accounts presented and as per the Financial Reporting of Interests in Joint Ventures (AS-27) issued by the Institute of Chartered Accountants of India.

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- 4) The accounts of Joint Venture, Goldiam HK Limited, have been consolidated on the basis of total holding of 49.9638% of which Goldiam International Limited's stake is 49.93% and Diagold Designs Limited's stake is 0.0325% in the paid up equity capital of the Joint Venture. The accounts have been consolidated as per the total holding by the Group as per Financial Reporting of Interests in Joint Ventures (AS-27) issued by the Institute of Chartered Accountants of India.

## 5) Subsidiaries :

The subsidiary companies considered in the financial statements are :

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest (%)	
		2010-11	2009-10
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 USA, Inc.	USA	100.00%	100.00%

Note : 1) Goldiam HK Limited was subsidiary upto 23<sup>rd</sup> July, 2009

2) "OOO Tiarra Jewels" was step down subsidiary of the Company upto 30<sup>th</sup> June, 2010.

## 6) 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 issued by the Institute of Chartered Accountants of India.

Name of the Company	Incorporated in	Percentage Holding (%)		
		For the year/ period ended 31.03.2011	For the period ended 31.03.2010	For the year ended 30.09.2009
Goldiam HK Limited (Joint Venture of Holding Company from 23.07.2009)	Hong Kong	49.96%	49.96%	N.A.
Goldiam Jewels SDN BHD (Joint Venture of subsidiary Diagold Designs Limited)	Malaysia	0.00%	N.A.	30.00%

The movement in the Group's share of the aggregate post acquisition reserves of Joint Ventures are as follows : (In ₹)

	Goldiam HK Limited For the year ended 31.03.2011	Goldiam HK Limited For the period ended 31.03.2010	Goldiam Jewels SDN BHD For the year ended 30.09.2010	Goldiam Jewels SDN BHD For the year ended 30.09.2009
Proportionate Reserves and Surplus as at the beginning of the year	(8,909,189)	N.A.	N.A.	(487,986)
Proportionate Transfer to Reserves	—	N.A.	N.A.	—
Proportionate surplus/(deficit) in Profit and Loss Account (net of transfer to reserves, dividend etc.)	1,741,633	(8,909,189)	N.A.	(48,500)
Proportionate Reserves and Surplus as at the end of the year	(7,167,556)	(8,909,189)	N.A.	(536,486)

The following are the Group's shares in the contingent liabilities and commitments of ventures in relation to its Joint Venture.

Name of the Joint Venture Company	% of Holding	Capital Commitment	Contingent Commitment
Goldiam HK Limited	49.96%	—	—
Goldiam Jewels SDN BHD (Joint Venture of subsidiary Diagold Designs Limited)	0.00%	—	—

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

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Name of the Company & Country of Incorporation	Percentage of Shareholding (%)	As at 31 <sup>st</sup> March, 2011		For the year ended 31 <sup>st</sup> March, 2011	
		Assets ₹	Liabilities ₹	Income ₹	Expenditure ₹
<b>Goldiam HK Ltd., Hong Kong</b>	<b>49.96%</b>	<b>59,339,374</b>	<b>33,584,180</b>	<b>80,734,402</b>	<b>78,972,096</b>
(Period ended 31 <sup>st</sup> March, 2010)	(49.96%)	(58,142,296)	(22,955,092)	(63,896,610)	(72,805,800)

**b) Consolidated Proportionate share of Joint Venture :**

Share of interest in Joint Ventures Goldiam HK Limited and Temple Designs LLP is as given below : (Amount in ₹)

	As at 31 <sup>st</sup> March, 2011			As at 31 <sup>st</sup> March, 2010		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
<b>SOURCES OF FUNDS</b>						
<b>Shareholders' Funds</b>						
Share Capital	249,459,960	—	249,459,960	249,459,960	—	249,459,960
Reserves and Surplus	1,721,631,992	—	1,721,631,992	1,563,348,893	—	1,563,348,893
Minority Interest	150,094,374	—	150,094,374	150,218,825	—	150,218,825
	<b>2,121,186,326</b>	<b>—</b>	<b>2,121,186,326</b>	<b>1,963,027,678</b>	<b>—</b>	<b>1,963,027,678</b>
<b>Loan Funds</b>						
Secured Loans	419,465,864	16,911,242	436,377,106	245,546,214	—	245,546,214
Unsecured Loans	60,309,757	—	60,309,757	45,896,509	22,690,095	68,586,604
	<b>479,775,621</b>	<b>16,911,242</b>	<b>496,686,863</b>	<b>291,442,723</b>	<b>22,690,095</b>	<b>314,132,818</b>
<b>TOTAL ₹</b>	<b>2,600,961,948</b>	<b>16,911,242</b>	<b>2,617,873,189</b>	<b>2,254,470,402</b>	<b>22,690,095</b>	<b>2,277,160,496</b>

**APPLICATION OF FUNDS**

Fixed Assets, Net	183,136,179	3,389,137	186,525,316	188,437,094	6,820,761	195,257,855
Goodwill	—	—	—	—	—	—
Investment	733,932,542	—	733,932,542	770,049,218	—	770,049,218
Deferred Tax Assets	12,351,817	—	12,351,817	15,807,755	—	15,807,755
<b>Current Assets, Loans and Advances</b>						
Inventories	899,954,848	72,359,631	972,314,479	822,754,487	39,111,559	861,866,046
Cash and bank	60,618,575	2,995,153	63,613,728	89,417,700	3,448,423	92,866,123
Sundry Debtors	945,706,130	57,771,116	1,003,477,246	721,971,450	43,968,560	765,940,010
Loans and Advances	96,900,091	993,551	97,893,642	76,293,640	997,689	77,291,329
	<b>2,003,179,643</b>	<b>134,119,451</b>	<b>2,137,299,094</b>	<b>1,710,437,277</b>	<b>87,526,231</b>	<b>1,797,963,508</b>
Less : Current Liabilities and Provisions	481,873,313	38,093,775	452,773,189	465,062,720	39,009,717	504,072,437
	<b>1,521,306,331</b>	<b>96,025,676</b>	<b>1,684,525,906</b>	<b>1,245,374,557</b>	<b>48,516,513</b>	<b>1,293,891,071</b>
Miscellaneous expenditures	231,675	305,933	537,608	1,442,259	712,338	2,154,597
<b>TOTAL ₹</b>	<b>2,450,958,544</b>	<b>99,720,746</b>	<b>2,617,873,189</b>	<b>2,221,110,883</b>	<b>56,049,612</b>	<b>2,277,160,496</b>

(Amount in ₹)

	For the year ended 31 <sup>st</sup> March, 2011			For the year ended 31 <sup>st</sup> March, 2010		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
<b>Turnover &amp; Other Income</b>	<b>1,682,855,594</b>	<b>759,333,210</b>	<b>2,442,188,805</b>	<b>1,797,573,826</b>	<b>64,986,622</b>	<b>1,862,560,448</b>
Increase/Decrease in Stock	69,576,343	102,385,081	171,961,424	31,590,423	13,840,948	45,431,371
	<b>1,752,431,937</b>	<b>861,718,292</b>	<b>2,614,150,229</b>	<b>1,829,164,249</b>	<b>78,827,570</b>	<b>1,907,991,819</b>
<b>Expenditure</b>						
Raw Materials consumed	1,262,473,325	586,332,985	1,848,806,310	1,222,513,102	67,738,229	1,290,251,331
Purchase Trading	144,637,850	134,547,098	279,184,948	130,491,951	—	130,491,951
Wages, Salaries & other Benefits	34,933,151	12,765,635	47,698,786	105,356,264	7,082,358	112,438,622
Manufacturing expenses	29,233,661	24,074,962	53,308,623	45,166,694	4,040,154	49,206,848
Other expenses	80,303,330	39,307,906	119,611,236	199,752,293	3,248,205	203,000,498
Interest	16,150,811	21,151,538	37,302,349	34,625,109	1,539,390	36,164,499
Preliminary expenses	1,210,584	76,480	1,287,064	1,244,877	—	1,244,877
Depreciation	18,413,378	4,617,777	23,031,155	23,810,067	699,746	24,509,813
Loss on sale of Assets	491,458	—	491,458	19,769	4,550,381	4,570,150
Loss on sale of Investments	16,710	1,226,711	1,243,421	—	—	—
<b>Profit before tax</b>	<b>164,567,678</b>	<b>37,617,201</b>	<b>202,184,880</b>	<b>66,184,123</b>	<b>(10,070,893)</b>	<b>56,113,230</b>

# Goldiam International Limited

## 7) CONTINGENT LIABILITIES NOT PROVIDED FOR :

- The Group has outstanding performance guarantee of ₹65,378,248/- as on the Balance Sheet date, executed in favour of Deputy Commissioner of Customs. (Previous year ₹65,851,474/-)
- 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 ₹13,696,775/- (Previous year ₹13,696,775/-) on account of property tax.
- The Group has outstanding demand of Income tax of ₹526,924/- (Previous year ₹576,924/-) for Assessment Year 2004-05 and of ₹465,579/- (Previous year ₹515,579/-) for the Assessment Year 2006-2007 as on the Balance Sheet date. The said demand is outstanding and not provided for as it is disputed in appeal.
- The Company has executed Bank Guarantee of ₹200,000,000/- (Previous year ₹150,000,000/-) favouring The Hongkong and Shanghai Banking Corporation Limited and of ₹100,000,000/- (Previous year ₹Nil) favouring YES Bank Limited, Mumbai for its wholly owned subsidiary, Goldiam Jewellery Limited, Mumbai.

## 8) 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 contracts and option contracts, where the counterparty is bank. The forward contracts or options 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 31<sup>st</sup> March, 2011 is US\$ Nil (Previous year US\$ 3.08 million) equivalent to ₹Nil (Previous year ₹14.68 crores).

In respect of derivatives contract relating only to the Company's own exports 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 ₹Nil (Previous year ₹8.12 crores) in the Profit and Loss Account and charged the amount to Profit and Loss Account in respect of derivative contracts outstanding.

### Unhedged foreign currency exposure :

PARTICULARS	31.03.2011		31.03.2010	
	in millions	₹ in Lacs	in millions	₹ in Lacs
Outstanding Receivables	US\$ 27.500	5,958.84	US\$ 15.35	7,040.65
Outstanding creditors for goods and spares	US\$ 14.173	3324.40	US\$ 9.065	4,125.81
Exchange Earner's Foreign Currency account with Banks	US\$ 0.553	246.61	US\$ 1.317	594.60
Outstanding Payable for Foreign Outward Bill Discount Account with Bank	US\$ 1.929	1,240.24	US\$ 1.590	717.88
Outstanding Payable for Packing Credit Loan in Foreign Currency	US\$ 3.951	1,385.26	US\$ 0.693	312.92
Outstanding Loan Payable in Foreign Currency			US\$ 0.102	45.84
Exchange Earner's Foreign Currency account with Banks	EURO 0.0002	0.15	EURO 0.001	0.51

## 9) DIFFERENCE IN ACCOUNTING POLICY FOR DEPRECIATION :

Depreciation on fixed assets relating to subsidiary company, Goldiam USA, Inc. and Joint Venture, Goldiam HK Limited, 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 and Joint Venture 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 ₹2,167,417/- (Previous year ₹4,426,363/-) 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 31<sup>st</sup> March, 2011 is ₹28,137,321/- (As at 31<sup>st</sup> March, 2010 ₹28,698,441/-).

Depreciation on fixed assets relating to Limited Liability Partnership firm, Temple Designs LLP, has been provided as per the Income Tax law. Depreciation for the year includes ₹746,198/- (Previous year ₹661,473/-) 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 31<sup>st</sup> March, 2011 is ₹3,389,137/- (As at 31<sup>st</sup> March, 2010 ₹6,786,718/-).

10) MANAGERIAL REMUNERATION:	(Amount in ₹)	
	2010-11	2009-10
i) Salaries	8,288,000	444,000
ii) Perquisites	494,922	303,897
iii) Sitting Fees	325,000	230,000
iv) Commission	3,457,040	6,370,712
	<b>12,564,962</b>	<b>7,348,609</b>

11) EARNING PER SHARE :	2010-11	2009-10
Profit after Tax	₹186,669,166	₹71,486,075
No. of shares outstanding	24945996	24945996
Weighted Average no. of shares + potential shares outstanding	24945996	25444093
Earning per share (Basic)	₹7.48	₹2.87
Earning per share (Diluted)	₹7.48	₹2.81

**12) 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) Related parties and relationship where control exists or with whom transactions were entered into :**

**1) HOLDING COMPANY :**

Goldiam International Limited

**2) JOINT VENTURE :**

Goldiam HK Limited

**4) KEY MANAGERIAL PERSONNEL OF HOLDING COMPANY :**

Mr. Manhar R. Bhansali

Mr. Rashesh M. Bhansali

**5) KEY MANAGERIAL PERSONNEL OF SUBSIDIARIES :**

Mrs. Ami R. Bhansali

Mr. Milan Mehta

Mr. Nirav Mehta

Mr. Nehal Mehta

Mr. Ashish Karnavat

**6) KEY MANAGERIAL PERSONNEL OF JOINT VENTURE :**

Mr. Nehal Mehta

**7) RELATIVE OF KEY MANAGEMENT PERSONNEL :**

Mrs. Trupti Mehta

Mrs. Sweta Mehta

Mr. Ashok R. Mehta HUF

Mrs. Shaila Ashok Mehta

**8) SIGNIFICANT CONTROL OF KEY MANAGERIAL PERSONNEL :**

Sunshine Corporation

Diastud USA, Inc.

# Goldiam International Limited

## (b) Transactions during the year with related parties:

(Amount in ₹)

Sr. No.	Nature of Transaction	Key Management Personnel		Relative of Key Management Personnel		Enterprises over which Key Management Personnel have direct influence	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
i)	Payments to & provisions for Directors' remuneration	12,239,962	6,814,172	—	—	—	—
ii)	Issue of Equity Shares	—	4,163,520	—	832,260	—	—
iii)	Interest received	—	—	—	—	—	1,347,735
iv)	Interest paid	5,698,109	7,372,870	—	—	—	1,538,325
v)	Commission paid	—	—	645,000	—	—	—
vi)	Loans received	10,000,000	72,500,000	—	—	—	—
vii)	Sale of goods	—	—	—	—	—	24,313
viii)	Purchase of goods	—	—	—	—	—	750,216
a)	Outstanding Loan given as on 31 <sup>st</sup> March	—	—	—	—	—	1,347,735
b)	Outstanding Loan received as on 31 <sup>st</sup> March	61,030,384	52,563,433	—	—	3,125,500	7,070,683
c)	Outstanding Receivables as on 31 <sup>st</sup> March	—	—	—	—	—	1,682,213
d)	Outstanding Payables as on 31 <sup>st</sup> March	2,973,908	—	—	—	523,818	750,216

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

Sr. No.	Nature of Transaction	Current Year ₹	Previous Year ₹
i)	<b>Payments to &amp; provisions for Directors' remuneration :</b>		
	Rashesh M. Bhansali	3,906,878	3,185,086
	Ami R. Bhansali	6,761,952	3,185,086
	Milan Mehta	227,711	—
	Nirav Mehta	455,421	—
	Ashish Karnavat	888,000	444,000
ii)	<b>Issue of Equity Shares :</b>		
	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)	<b>Interest received :</b>		
	Goldiam Jewels SDN BHD	—	—
	Sunshine Corporation	—	1,347,735
iv)	<b>Interest paid :</b>		
	Rashesh M. Bhansali	5,698,109	6,976,437
	Sunshine Corporation	—	1,538,325
	Nehal Mehta	—	396,433
v)	<b>Commission paid :</b>		
	Ashok R. Mehta HUF	150,000	—
	Shaila Ashok Mehta	495,000	—
vi)	<b>Loans received</b>		
	Rashesh M. Bhansali	10,000,000	72,500,000
vii)	<b>Sale of goods :</b>		
	Diastud USA, Inc.	—	24,313
viii)	<b>Purchase of goods :</b>		
	Diastud USA, Inc.	—	750,216
a)	<b>Outstanding Loan given as on 31<sup>st</sup> March</b>		
	Goldiam Jewels SDN BHD	—	—
	Sunshine Corporation	—	1,347,735
b)	<b>Outstanding Loan received as on 31<sup>st</sup> March</b>		
	Rashesh M. Bhansali	60,000,000	50,458,630
	Sunshine Corporation	3,125,500	7,070,683
	Nehal Mehta	1,030,384	2,104,803
c)	<b>Outstanding Receivables as on 31<sup>st</sup> March</b>		
	Rashesh M. Bhansali	—	—
	Goldiam Jewels SDN BHD	—	—
	Diastud USA, Inc.	—	1,682,213
d)	<b>Outstanding Payables as on 31<sup>st</sup> March</b>		
	Rashesh M. Bhansali	306,878	—
	Ami R. Bhansali	2,667,030	—
	Diastud USA, Inc.	523,818	750,216

## 13 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. (Amount in ₹)

Assumptions	Gratuity Funded 31 <sup>st</sup> March, 2011	Gratuity Funded 31 <sup>st</sup> March, 2010
-------------	---	---

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

Present Value of obligation as at beginning of year	764,922	4,452,134
Current service cost	461,965	481,452
Interest cost	61,193	353,263
Actuarial (gain)/loss	(233,507)	5,133,087
Benefits paid	(278,411)	(9,653,739)
Present Value of obligation as at end of the year	<u>776,162</u>	<u>766,197</u>

#### Change in Plan assets

Plan assets at period beginning, at fair value	753,671	4,005,181
Expected return on plan assets	60,394	107,826
Actuarial (gain)/loss	—	19,413
Contribution	191,329	6,307,660
Benefits paid	(278,411)	(9,653,739)
Plan assets at period end 2011, at fair value	<u>726,983</u>	<u>786,341</u>

#### 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	726,983	708,975
Present value of the defined benefit obligation at the end of the period	776,162	843,563
Assets/(Liability) recognised in the Balance Sheet	(49,179)	(134,588)

#### Expenses for the year

Current service cost	461,965	481,452
Interest cost on benefit obligation	61,193	353,263
Expected return on plan assets	1,464	(75,322)
Net actuarial (gain)/loss recognised in the year	(233,507)	5,179,530
Total expenses recognised in the Profit and Loss Account	291,115	5,938,923

Assumptions	31 <sup>st</sup> March, 2011 Gratuity	31 <sup>st</sup> March, 2010 Gratuity
Discount Rate	8.0%	8.0%
Employee Turnover	6.0%	5.0%
Salary Escalation	6.0%	5.0%
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.

Amounts recognised as an expense:

(i) **Defined Benefit Plan :**

Gratuity includes gratuity cost of ₹191,329/- (Previous year ₹1,795,125/-).

Leave Encashment ₹483,532/- (Previous year ₹523,691/-).

(ii) **Defined Contribution Plan :**

Contribution to Provident Fund is ₹681,063/- (Previous year ₹1,785,678/-), ESIC and Labour Welfare Fund includes ₹395,598/- (Previous year ₹788,287/-).

Temple Designs LLP, a Joint Venture of Diagold Designs Limited, has not provided gratuity on actuarial valuation being the first year of incorporation. The effect of the same is not significant.

With respect to foreign subsidiaries and Joint Ventures the same has been accounted as per the respective laws in the country of their incorporation.



# Goldiam International Limited

## 14 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 ₹)

	Year to 31.03.2011			TOTAL
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	
Segment Revenue	2,400,060,128	40,885,255	—	2,440,945,384
Segment Results	208,970,235	39,548,320	—	248,518,555
Less: unallocated expenses net of unallocated (income)	—	—	(9,031,327)	(9,031,327)
Interest expenses (Net)	—	—	—	37,302,349
Profit before tax	—	—	—	202,184,879
Depreciation and Amortisation	—	—	—	23,031,155
Non cash expenses other than Depreciation and Amortisation	—	—	—	—
Segment Assets	2,260,210,682	733,932,542	76,503,153	3,070,646,378
Segment Liabilities (excluding Shareholders' Funds)	1,096,188,731	—	3,365,694	1,099,554,425

	Year to 31.03.2010			TOTAL
	JEWELLERY	INVESTMENT ACTIVITY	OTHERS (Unallocated)	
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	968,424,081

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 Segments.

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	2010-11 ₹	2009-10 ₹
Within India	(948,903)	1,762,339
Exports outside India	209,919,137	60,539,210
Total Revenue	208,970,235	62,301,549



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	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>2. Segment Assets :</b>		
Within India	79,856,888	5,818,870
Exports outside India	<u>2,180,353,795</u>	<u>1,885,324,129</u>
Total Assets	<u>2,260,210,682</u>	<u>1,891,142,999</u>
<b>3. Segment Liabilities :</b>		
Within India	51,442,711	—
Exports outside India	<u>1,044,746,021</u>	<u>934,137,331</u>
Total Liabilities	<u>1,096,188,731</u>	<u>934,137,331</u>

**15) THE EFFECTS OF SALE/DISPOSAL OF STEP DOWN SUBSIDIARY AND CHANGE IN HOLDING OF SUBSIDIARY IN JOINT VENTURE :**

(Amount in ₹)

**Funds Employed :**

Share Capital	1,258,692
Reserves & Surplus	254,539
Secured Loans	—
Unsecured Loans	—
Deferred Tax Liability	—
Current Liabilities	—
Provisions	—
<b>TOTAL ₹</b>	<u>1,513,231</u>

**Application of Funds :**

Fixed Assets (Net Block)	3,868,264
Deferred Tax Assets	—
Current Assets	—
<b>TOTAL ₹</b>	<u>3,868,264</u>

**Net (Loss)/Profit**

(1,986,528)

**TOTAL ₹**

(1,986,528)

**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 31.03.2011 ₹	As at 31.03.2010 ₹
Deferred Tax Liability related to Fixed Assets	101,044	47,369
Deferred Tax Assets related to Fixed Assets	<u>2,781,710</u>	<u>2,092,569</u>
Deferred Tax Assets related to Employee Benefit	<u>9,671,151</u>	<u>13,762,555</u>

Signatures to the Schedules 1 to 17 forming part of the Balance Sheet and Profit and Loss Account.

As per our report of even date.

**For Pulindra Patel & Co.**  
Chartered Accountants  
FRN No. 115187W

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**  
Vice Chairman & Mg. Director

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

# Goldiam International Limited

## SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Particulars	Diagold Designs Limited	Goldiam Jewels Limited	Goldiam Jewellery Limited	Goldiam USA, Inc.	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	US\$ in Thousands
Reporting Currency	INR	INR	INR	INR	US\$
Capital	399.99	300.00	100.00	—	0.002
Reserves	2,159.82	115.00	3,658.82	46.68	104.554
Total Assets	6,255.62	637.87	6,903.98	2,163.63	4845.756
Total Liabilities	6,255.62	637.87	6,903.98	2,163.63	4845.756
Investments	297.72	—	—	—	—
Turnover/Total Income	6,889.24	1,152.15	9,083.05	1,956.22	4381.230
Profit Before Taxation	71.99	(129.31)	1,284.77	51.25	114.771
Provision for Taxation	22.05	(3.42)	(0.27)	1.07	2.388
Profit After Taxation	49.94	(132.73)	1,284.50	50.18	112.383
Proposed Dividend	—	—	—	—	—
Country	India	India	India	USA	USA

As on 31<sup>st</sup> March, 2011 US\$ 1 = ₹44.65.

**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 FOURTH ANNUAL GENERAL MEETING of the Company at 'TRIBUNE 1' Banquet Hall, 6<sup>th</sup> floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093 on 10<sup>th</sup> August, 2011 at 2.30 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)

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**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 FOURTH ANNUAL GENERAL MEETING of the Company to be held on 10<sup>th</sup> August, 2011 at 2.30 p.m. at 'TRIBUNE 1' Banquet Hall, 6<sup>th</sup> floor, Hotel Tunga International, M.I.D.C. Central Road, Andheri (East), Mumbai 400 093 or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

No. of Shares \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_

DP ID NO. \_\_\_\_\_

Client ID No. \_\_\_\_\_

