

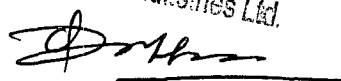
Alka DIAMOND INDUSTRIES LIMITED

19TH ANNUAL REPORT

F. Y. 2007-2008

REGD. OFF.: 233, PANCHRATNA, M P ROAD, OPERA HOUSE, MUMBAI - 400 004

for Alka Diamonds Industries Ltd.



Director

Alka DIAMOND INDUSTRIES LIMITED

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Alka DIAMOND INDUSTRIES LIMITED

BOARD OF DIRECTORS

GOPAL M. JAVDA - MANAGING DIRECTOR

P. N. MATHRUR - DIRECTOR

SMT. KALPANA MATHUR - DIRECTOR

AUDITORS

K. K. JHUNJHUNWALA & CO.,
CHARTERED ACCOUNTANTS

REGD. OFF.: 233, PANCHRATNA, M P ROAD, OPERA HOUSE, MUMBAI - 400 004

Alka DIAMOND INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of Alka DIAMOND INDUSTRIES LIMITED will be held on Saturday the 29th day of Sept. 2008 at 10.30 a. m. at the Registered office of the Company to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance-sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date and the report of Auditors and Directors thereon.
2. To appoint a Director in place of Smt. Kalpana Mathur who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint M/s. K. K. Jhunjhunwala & Co., Chartered Accountants, as auditors 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 apart from reimbursing out of pocket expenses incurred by them in the normal course of their duties.

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD



CHAIRMAN & MANAGING DIRECTOR

PLACE :- MUMBAI.

DATE :- 24-06-2008

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 a proxy need not be a member. Proxies duly stamped and executed, must reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 25th day of Sept., 2008 to Saturday the 29th Sept., 2008 (both days inclusive).

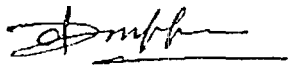
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3. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays between 10.30 a. m. and 12.30 p. m. up to the date of the Annual General Meeting.
4. As a measure of economy copies of Annual Report will not be distributed at the Annual General Meeting. Therefore members are requested to bring their copy of the Annual Report to the Meeting.
5. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD



CHAIRMAN & MANAGING DIRECTOR

PLACE :- MUMBAI.

DATE :- 24-06-2008

Alka DIAMOND INDUSTRIES LIMITED

DIRECTOR'S REPORT

To
The Shareholders,

Your Directors have pleasure in presenting their 19TH ANNUAL REPORT along with the audited annual accounts for the year ended on 31ST MARCH, 2008, AND REPORT THAT: -

FINANCIAL RESULTS

A summary of your Company's Financial Performance is given below: -

(Figures In Lakhs)

PARTICULARS	2007-2008	2006-2007
Sales & Other Income	72,81,673	20,27,771
Profit Before Tax (PBT)	(9,73,419)	7,04,781
Profit After Tax (PAT)	(11,07,386)	6,48,027
Less :- Prior year tax adjustments	17,690	25,39,791
Add :- Balance b/f from the previous year	(86,254)	18,05,510
Balance available for Appropriation	(12,11,330)	(86,254)
Less :- Transferred to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried to Balance Sheet	(12,11,330)	(86,254)

DIVIDEND

Due to non-availability of sufficient funds, your directors express their inability to recommend any dividend for the year under review.

AUDITORS

M/s. K. K. Jhunjhunwala & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer

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themselves for re-appointment. The Company has received a Certificate from the Auditors that they are qualified under Section 224(1B) of the Companies Act, 1956, if re-appointed, to act as the Auditors of the Company. Members are requested to consider their re-appointment at a remuneration to be decided by the Board of Directors.

AUDITOR'S REPORT

Observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

Regarding revaluation of export receivables at the exchange rate prevailing during the year, the company felt that it would be inappropriate to even notionally accord lower value to the receivables and have decided that the effect of prevailing exchange rate should be given as and when realizations / transactions are completed.

BOARD OF DIRECTORS

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company Kalpana Mathur, Directors of the Company retires by rotation and being eligible, offers herself for re-appointment.

CORPORATE GOVERNANCE

Your Company has always followed the philosophy of conducting its business with due compliance of laws, rules, regulations and sound internal control systems and procedures.

As per the current Stock Exchange stipulations, the guidelines for Corporate Governance have become applicable to your Company from the Financial Year 2002-03. A report thereon is separately annexed to this Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217(2AA) which was introduced by the Companies (Amendment) Act, 2000 your Director's confirm that:

Alka DIAMOND INDUSTRIES LIMITED

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2007 and of the profit of the Company for the year ended 31st March, 2007.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits within the meaning of section 58A from the public under the Companies Act, 1956, and the rules made thereunder.

PARTICULARS OF EMPLOYEES

The information required u/s. 217(2A) of the Companies Act, 1956, with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, as the Company has not employed any employees whose salary exceeds the prescribed limits.

PARTICULARS REQUIRED UNDER THE LISTING AGREEMENT

LISTING

The Equity Shares of the Company are at present listed with the following Stock Exchanges :-

The Ahmedabad Stock Exchange	:	Manek Chowk, Ahmedabad – 380 001
Jaipur Stock Exchange Ltd	:	Malviya Nagar, Jaipur – 302 017
The Mumbai Stock Exchange	:	Phiroze Jeejeebhoy Towers, Dalal St., Mumbai

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PAYMENT OF LISTING FEES

The Company is regular in paying listing fee to the Mumbai Stock Exchange, which is Regional Stock Exchange and has not paid listing fee to the Ahmedabad and Jaipur Stock Exchanges.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information pursuant to section 217(1)(a) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as below :-

1. During the whole of the financial year the manufacturing activities were suspended hence there was no energy consumption. However, the Company is getting the manufacturing done from outside party on job work basis as and when it is required to do so.
2. No technology has been availed during the year.
3. The total exports for the year 2006-2007 amounting to RS.Nil

Total Foreign Exchange Earned :- US\$ Nil

Total Foreign Exchange outgo were :- US\$ NIL

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledgement with gratitude's for the support and assistance to the Company's Bankers, Shareholders and Customers. Your Directors place on record their deep sense of appreciation for the devoted services of the executives and staff at all levels of the Company.

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD



CHAIRMAN & MANAGING DIRECTOR

PLACE :- MUMBAI.

DATE :- 24-06-2008

Alka DIAMOND INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTOR'S REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY HIGHLIGHTS

Gems and Jewellery have played a very important role in the tradition, culture and history of civilization. The intrinsic value of Jewellery has always attracted people across geographies, cultures and social strata.

Consumer preference and reasons for buying Jewellery started getting segmented into 'fashion', 'bridal' and 'investment'. Over time, an 'industry' evolved, initially concentrated around specific geographies and meeting specific needs, but gradually emerging as a global industry.

Today, the industry is at turning point. It is expected that the interplay of various trends such as globalization, increasing role of regulation, technological advances, increasing consumer sophistication, emergence of alternative retail channels and such. These could potentially change the industry structure and the way it functions in multiple ways.

MAJOR INDUSTRY COMPONENTS

1. **Diamonds:** Diamonds have always enjoyed a special place among precious gemstones, contributing about 47 per cent to the total industry size, in value terms. In the past, diamond Jewellery was limited to a very small elite segment of the global population. However over the past 50 years, diamonds have seen increasing democratization. Diamond Jewellery has, therefore, emerged as segment showing significant growth in some of the emerging markets.
2. **Gold:** Gold has always been the jeweler's favorite metal, given its intrinsic luster and ease of fabrication. Gold Jewellery enjoys the leading position in most markets across the world, and in many ways forms the backbone of the precious Jewellery industry. Given the fact that gold is also one of the traded metals, gold jewellery consumption is also impacted by gold price movements. This segment today forms about 42 per cent of the total industry, in value terms.

Global Gems & Jewellery Industry

Global Jewellery sales is expected to grow at 4.6 per cent year-on-year to touch USD 185 billion in 2010 and USD 230 billion in 2015.

Alka DIAMOND INDUSTRIES LIMITED

The Gems & Jewellery Industry occupies a prominent position in Indian economy and is a leading foreign exchange earner accounting for USD 17 billion of exports. Out of this, USD 12 billion are processed diamonds and USD 5 billion are diamond Jewellery.

The global market for gold is estimated at 3300 tones South Africa is the world's largest producer of gold, followed by the USA and Australia. Together, these countries account for 45 per cent of the world's total gold production. India is the largest consumer of gold, followed by the USA AND China.

The Indian Gems and Jewellery Industry

The Indian gems and jewellery industry is competitive in the world market due to its low cost of production and availability of skilled labour. In addition, the industry has a worldwide distribution network, which has been established over a period of time for promotion and marketing of Indian diamonds. The Indian diamond industry has acquired leadership position in cutting and polishing of rough diamonds. India is therefore a significant player in the world gems and jewellery market both as a source of processed diamonds as well as a large consuming market.

Industry Developments

The two major segments of the sector in India are gold jewellery & diamonds. Gold Jewellery forms around 80 per cent of the Indian jewellery market, with the balance comprising fabricated studded Jewellery that includes diamond studded as well as gemstone studded jewellery. A predominant portion of gold jewellery manufactured in India is consumed in the domestic market.

Competitive Advantage

The factors leading to the Indian gems and jewellery industry's growth are many. A near dominance in diamonds and coloured stones, manufacturing excellence, forward looking entrepreneurs, liberalized government policies and an extensive international marketing network has helped India establish itself as one of the leading jewellery centers in the world. Moreover, its high consumption of gold, steady inflow of silver and growing interest in platinum enable India to develop the entire range of jewellery, in plain metal and studded, that caters to the desires of every market.

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Outlook

The future of the industry is quite promising. More and more buyers across the world are turning to India as their preferred source for quality jewellery.

The Gems & Jewellery export Promotion Council (GJEPC) is looking at exploring new markets, such as Latin American countries. The industry also plans to make India a trading center for cut and polished diamonds, and is closely working with the Government of India in this regard. The long term prospects looks good with Jewellery exports alone expected to touch USD 16 billion in 2010 according to industry estimates.

In the recently announced Union Budget (2007-08), custom duty on cut and polished diamonds was reduced to 3 per cent from 5 per cent and subsequently exempted totally. The exemption will boost the further growth of Indian Gem and Jewellery Industry and bring the industry in line with the competition.

Competitive Strengths

- Large, integrated Diamond and Jewellery Company with strong international credentials.
- Broad product range, strong brand equity and significant retail operations.
- Strong marketing and distribution network.
- Sightholder status with DTC and access to other primary source diamond suppliers.
- Well-developed manufacturing capabilities.
- Proven management team.

Potential Risks

- Execution of retail expansion plans,
- Timely completion and commencement of SEZ operations,
- Partial ownership of few key jewellery brands like Nakshatra.
- Substantial currency appreciation, and
- Profitability of its overseas operations.

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PROFORMANCE

Income

The Company has recorded a total income from operations Rs. 72,81,673/- (previous year Rs.20,27,771/-) for the year ended March 31, 2008

Expenditure

The Company has recorded a total expenditure (excluding depreciation/amortization and interest) of Rs.82,55,092/- (previous year Rs.13,22,990) for the year ended March 31, 2008.

Net profit before taxes

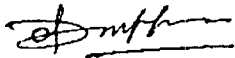
Due to reasons discussed above, the company has recorded a net loss before taxes Rs. 9,73,419/- (previous year Profit of Rs.7,04,781/- for the year ended March 31, 2008.

Taxes

Provision for taxes includes current tax liabilities. For the year ended March 31, 2008 the company had current tax liabilities of Rs.1,50,000/- (Previous year Rs. 70,000/-)

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD



CHAIRMAN & MANAGING DIRECTOR

PLACE :- MUMBAI.

DATE :- 24-06-2008

Alka DIAMOND INDUSTRIES LIMITED

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that good corporate governance is essential to achieve long-term corporate goals and to enhance stakeholder value. There is no one universal model of a corporate governance code. Different environments require specific solutions to meet the demands of legal compliances and regulations. However there is a single thread, which weaves through the tapestry of governance that calls for the affairs of a Company to be controlled and regulated in a manner that is transparent, ethical and accountable. In pursuit of this objective, your Company is committed to achieving transparency in all its dealings, providing high quality products and services to its customers and stakeholders. This places a significant emphasis on integrity, proper internal controls and regulatory compliances, which cannot be compromised. The basic philosophy of Corporate Governance in your Company has been to achieve business excellence, to enhance shareholder value, keeping in view the needs and the interest of all its stakeholders and customers.

BOARD OF DIRECTORS

A. The constitution of the Board as on 31st March, 2008

The Board of Alka Diamond Industries Ltd. consists of 3 Directors, two of whom are non-executive. The one executive Director, Shri Gopal M. Javda represent the promoter group. Shri Gopal M. Javda is the Chairman and Managing Director of the Company. The two non executive Directors are independent directors.

According to Clause 49 of the Listing Agreement if the Chairman is an executive, at least half of the board should consist of non-executive, independent directors, This provision is more than adequately met at Alka Diamond Industries Ltd. The two independent directors besides maintaining the desired level of independence of the Board ensure a blend of executive and independent directors. All non-executive directors are persons of eminence, and bring a wide range of expertise and experience to the Board.

Alka DIAMOND INDUSTRIES LIMITED

As per statutory requirements, at least two third of the Board should consist of retiring directors. Of these, one third are liable to retire by rotation every year and if eligible, offers themselves for reappointment subject to consent of members in meeting. One out of two directors in Alka Diamond Industries Ltd. will be retiring directors.

B. Attendance record of directors.

The composition of the Board and the attendance record of all the directors at the five Board meetings held during 2006-07, as well as at the last Annual General Meeting are as follows:

Sr. No.	Name of Director	Designation	Board Meetings Attended	Whether attended Last AGM on 29-09-2007
1	Gopal M. Javda	Chairman & MD	5	Yes
2	P. N. Mathur	Director	5	Yes
3	Smt. Kalpana Mathur	Director	5	Yes

The Chairman briefs the Board at every meeting on the overall performance of the Company, followed by presentations by the Executive. The non-executive directors are also given opportunities to express their respective opinions. A details report is also placed at every Board Meeting. The Board also reviews:

- Compliance with statutory / regulatory requirements and review of major legal issues.
- Adoption of quarterly / half yearly / annual results.

Alka DIAMOND INDUSTRIES LIMITED

C. Outside Directorships and Mambership of Board Committees.

The Number of outside directorships and committee positions held by the directors of Alka Diamond Industries Ltd. can be summarized as follows:

Sr. No.	Name of Director	Listed Companies	Directorship in Unlisted Public Limited Companies	Membership of Board Committees
1	Gopal M. Javda	NIL	NIL	NIL
2	P. N. Mathur	NIL	JAVDA INDIA IMPEX LTD.	NIL
3	Smt. Kalpana Mathur	NIL	NIL	NIL

D. Number of Board meetings held.

During the Year 2007-08, the Board of Director met 5 (five) times on the following dates: 30th day of May 2007, 30th day of June 2007, 31st day of July 2007, 31st day of October, 2007 and 31st day of January 2008.

The dates of meeting were generally decided well in advance.

AUDIT COMMITTEE

i. Constitution and Composition of the Audit Committee

With a view to ensure compliance with the various requirements under the Companies Act, 1956 and Clause 49 of the Listing Agreement, Alka Diamond Industries Ltd. has set up its Audit Committee. The Company has been taking measures from time to time to improve the effectiveness of the Committee.

The Audit Committee consists of three Directors :

1. Shri Gopal M. Javda
2. Shri P. N. Mathur
3. Smt. Kalpana Mathur

Shri Gopal M. Javda is the Chairman of the Committee and all the two members of the audit committee are independent, non-executive directors.

Alka DIAMOND INDUSTRIES LIMITED

ii. Meetings and Attendance and Topics Discussed.

During 2007-08, the audit committee met 4 (four) times on the 30th day of June 2007, 31st day of July 2007, 31st day of October, 2007 and 31st day of January 2008. The meetings were scheduled well in advance and were attended by all the members of the Committee.

The terms of reference of the audit committee are extensive and include all that is mandated in clause 49 of the Listing Agreement and section 292a of the Companies Act, 1956.

REMUNERATION COMMITTEE

a. Constitution and Composition of the Remuneration Committee.

Alka Diamond Industries Limited has set up its Remuneration Committee to review the remuneration package of the executive directors and for recommending suitable revisions to the Board. It should be noted that the remuneration of the Managing Director and Executive Director is subject to the approval of the Board of Director and members as well as such other approvals as may be required. Besides, approval of the Central Government may also be necessary in certain circumstances. The Company has been taking measures from time to time to improve the effectiveness of the committee. The remuneration committee consists only one Director:

1. Shri Gopal M. Javda
2. P. N. Mathur
3. Smt. Kalpana Mathur

Shri Gopal M. Javda is the Chairman of the Committee and all the two members of the remuneration committee are independent, non-executive directors.

b. Meetings and Attendance and Topics Discussed.

During 2007-08 no meeting of remuneration committee were held as there were no significant changes in the existing structure/policy, which was required to be discussed.

c. Remuneration paid / payable to Directors during the Financial Year 2007-08.

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Sr. No.	Name of Director	Salary/Allowances Amount Rupees	Sitting Fees Amount Rupees	Total Amount Rupees
1	Gopal M. Javda	2,40,000	NIL	2,40,000

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE & SHARE TRANSFER COMMITTEE

I. Constitution and Composition of the Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee was set up with the objective of speedy redressal of investor's queries and complaints. The committee specifically looks into the investor's complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, etc. In addition, the committee also looks into matters, which can facilitate better investors services and relations. The Company has been taking measures from time to time to improve the effectiveness of the committee.

The Shareholders/Investors Grievance Committee consist of two directors:

1. Shi P. N. Mathur
2. Smt. Kalpana Mathur

Shri P. N. Mathur is the Chairman of the Committee and all the members of the committee are independent, non-executive directors.

II. Investors Complaints received and resolved during the Year

During 2007-08 in the Company is in dematerialized form and as well as in physical form. During the year the Share Transfer Agent received Nil complaint.

III. Name, designation and address of the Compliance Officer:

Shri Gopal M. Javda
Chairman & Managing Director
233, Panchratna, Opera House,
Mumbai - 400 004.

GENERAL BODY MEETINGS

REGD. OFF.: 233, PANCHRATNA, M P ROAD, OPERA HOUSE, MUMBAI - 400 004

Alka DIAMOND INDUSTRIES LIMITED

Type of Meeting	Date of Meeting	Place of Meeting	Time of the Meeting
15 th Annual General Meeting	30 th Sept. 2004	233, Panchratna, Opera House, Mumbai - 400 004.	10.30A.M.
16 th Annual General Meeting	30 th Sept. 2005	233, Panchratna, Opera House, Mumbai - 400 004.	10.30 A.M.
17 th Annual General Meeting	30 th Sept. 2006	233, Panchratna, Opera House, Mumbai - 400 004.	10.30 A.M.
18 th Annual General Meeting	30 th Sept. 2007	233, Panchratna, Opera House, Mumbai - 400 004.	10.30 A.M.

The Company has not passed any resolution through postal ballot during the last year.

DISCLOSURES

Related Party Transactions:

There were no related party transactions, pecuniary transactions made by the Company with its promoters, directors, management and their relatives, etc. that may have potential conflicts with the interest of the Company at large.

Risk Management:

The Company has laid down procedures to inform Board members about the risk / assessment and minimization procedures. The Board shall periodically review the same.

CEO/CFO Certification:

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Alka DIAMOND INDUSTRIES LIMITED

A certificate received from Shri Gopal M. Javda, Chairman and Managing Director on the financial statements of the Company was placed before the Board.

Review of Directors' Responsibility Statement:

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2008 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

Penalties and Structures:

No penalty or structure was imposed on the Company by any other Stock Exchange, SEBI or other authority for non-compliance of any matter related the Capital Market.

CODE OF CONDUCT

The Board has formulated a code of conduct for the Board members and Senior Management of the Company, All Board members and Senior Management personnel have affirmed their compliance with the code. A declaration to this effect is signed by the Chairman of the Board of Directors of the Company is given elsewhere in the Annual Report.

MENAS OF COMMUNICATION

- a) The quarterly results are submitted to the Stock Exchanges in the prescribed formats as required by the various provisions of the Listing Agreements and the same are also published in the Free Press Journal and Navshakti Newspapers ensuring wider publicity.
- b) The Company has not made any presentation to any institutional investors or to any analysts during the year.

GENERAL SHAREHOLDERS INFORMATION

A. Annual General Meeting

Date : 29th September, 2008
Place : 233, Panchratna,
Opera House,
Mumbai - 400 004.
Maharashtra.
Time : 10.30 a.m.

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Alka DIAMOND INDUSTRIES LIMITED

B. Financial Calendar

Year Ending Date	:	31 st March, 2008
Mailing of Annual reports	:	2 nd Sept., 2008
Annual General Meeting of the Company	:	29 th Sept., 2008
Unaudited first quarter financial results	:	31 st July, 2007
Unaudited second quarter financial results	:	31 st Oct., 2007
Unaudited third quarter financial results	:	31 st Jan., 2008

C. Dividend

No dividend is declared.

D. Dates of Book Closure

The Register of Member and Share Transfer Books of the Company will remain closed from the 25th day of September, 2008 to 29th day of September, 2008 both days inclusive.

E. Registrar and Share Transfer Agent

Sharex (India) Private Limited

SEBI REG. No. : INR000002102

Registered Office:

17/B, Dena bank Building, 2nd Floor,

Horniman Circle, Fort,

Mumbai - 400 001.

Tel. : 022-2270 2485 / 2264 1376

Fax. : 022-2264 1349

Website : www.sharexindia.com

Email : sharexindia@vsnl.com

COMPLAINEE WITH NON-MANDATORY REQUIREMENTS

Tenure of Independent Directors on the Board

The Company has not yet fixed any tenure for the Independent Directors on the Board of the Company.

Shareholders Rights

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Alka DIAMOND INDUSTRIES LIMITED

Half yearly report is not sent to each household of Shareholders. However, the results of the Company are published in the newspapers.

Audit Qualifications

Strategic decisions were taken during the year resulting in unqualified financial statements of the Company.

Training of Board Members

The Company has not yet adopted any training programme for the members of the Board

Whistle Blower Policy

The Company has not adopted any Whistle Blower policy.

F. Share Transfer System and the Scheme of transfer-cum-demat.

Application for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. The Share Transfer Committee attends to share transfer formalities very frequently depending on the number of transfers.

Shares held in dematerialized form are electronically traded in depositories and the Share Transfer Agents of the Company periodically receive from the Depositories, the beneficial holding date, so as to enable them to update their records and to send all corporate communications, etc. Physical share received for dematerialization are processed and completed within 30 days from the date of receipt provided they are in order as per the requirement.

G. Stock Code

S.No	Name of the Stock Exchange	Address
1	Bombay Stock Exchange Limited	P.J. Tower, Dalal Street, Mumbai - 400 010
2	Jaipur StockExchange Ltd.	J. L. N. Marg, Malviya Nagar, Jaipur - 302 107.
3	The Stock Exchange, Ahmedabad	Kamdhenu Complex, Opp. Sahjanand College, Panjarapole, Ahmedabad - 380 015.

Alka DIAMOND INDUSTRIES LIMITED

H. DEMATE ISIN in NSDL & CDSL No. for the Shares : INE 963 D 01015

I.

1. Listing of Securities

The Bombay Stock Exchange, Mumbai, Jaipur Stock Exchange and The Stock Exchange, Ahmedabad had suspended the trading of equity shares of the Company with effect from 13-05-2002 due to non compliance with certain formalities.

The listing fees for the financial year 2007-08 have been paid to The Bombay Stock Exchange Limited. As far as the other stock exchange is concerned, the Company had applied to them for delisting and the matter is still under consideration. The Company has not paid the listing fees to these exchanges.

2. Market Price & Data

Following table gives the monthly market high and lows of your Company on The Bombay Stock Exchange Limited, Mumbai.

Stock price data at BSE

Stock Price Data of BSE (Month wise)	High (Rs.)	Low (Rs.)
April 2007		
May 2007		
June 2007		
July 2007		
August 2007		
September 2007		
October 2007		
November 2007		
December 2007		
January 2008		
February 2008		
March 2008		

~~Trading suspended~~

Alka DIAMOND INDUSTRIES LIMITED

J. Distribution of Shareholding

The pattern of shareholdings among various categories as on 31st March, 2007 is as follows:

Category	Number of shares held	Percentage
Promoters	35,04,300	71.96
Financial Institutions	-	-
Banks	300	0.01
Mutual Funds	-	-
Corporate Bodies	10,000	0.21
Non Resident Indians	4,500	0.09
Individuals / Others	13,50,300	27.73

K. Address for Correspondence

Investors and shareholders can correspond with the registered office of the company at the following address :

233, Panchratna, Opera House,
Mumbai - 400 004.

Shareholders correspondence should be addressed to the Company's Registrars and Share Transfer Agents at the above mentioned address.

L. Committees of the Board

1. Audit Committee
2. Shareholders/Investors Grievance Committee
3. Share Transfer Committee
4. Remuneration Committee

M. Management Discussion and Analysis Report (MDA)

The Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

N. Warning against Insider Trading

Comprehensive guidelines advising and cautioning the management staff and other relevant business associates on the procedure to be followed while dealing

REGD. OFF.: 233, PANCHRATNA, M P ROAD, OPERA HOUSE, MUMBAI - 400 004

Alka DIAMOND INDUSTRIES LIMITED

with the securities of your Companies are in place. In light of the SEBI [Insider Trading] Amendment Regulations, 2002, a fresh set of guidelines is being issued by the company on the subject. The code of conduct and corporate disclosure practices framed by the company will help in ensuring compliance of the amended regulations.

O. Auditor's Certificate on Corporate Governance

The Company has obtained the certificate from the auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the Listing Agreement with the Stock Exchange, which also attached herewith. This report is annexed to the Directors' Report for the year 2006-07. This certificate will be sent to the stock exchanges, along with the annual return to be filed by the company.

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD



CHAIRMAN & MANAGING DIRECTOR

PLACE :- MUMBAI.

DATE :- 24-06-2008

AUDITORS REPORT

To
The Members of
ALKA DIAMOND INDUSTRIES LIMITED

We have audited the attached Balance sheet of **ALKA DIAMOND INDUSTRIES LIMITED** as at **31ST MARCH 2008** and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India.

Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 (now herein after referred to as "the Order") 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.
2. Subject to our comments in the annexure referred to in paragraph 1 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 appears from our examinations of the Books;
 - c) The Balance-sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts of the Company;
 - d) In our opinion the Profit & Loss Account and Balance sheet comply with the requirement of the Accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956, except Accounting Standard - 11 on Accounting for effects of Changes in Foreign Exchange Rates. (Refer Note no.7 of Schedule "M")
 - e) On the basis of written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - I. The Company doesn't have a whole time Company Secretary as on date as required under section 383-A of the Companies Act, 1956.
 - II. Exports related receivables have not been revalued at the exchange rate prevailing at the end of the year in accordance with Accounting Standard 11 issued by the Institute of Chartered Accountants of India and accordingly debtors are overstated by 108.53 lacs (previous year Rs. 40.35 lacs overstated), and accordingly the Profit is overstated to the extent of 108.53 lacs (previous year Rs. 40.35 lacs overstated). (Refer Note no. 4 of Schedule "M")



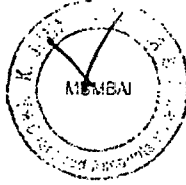
3. In our opinion and to the best of our information and according to the explanations given to us, the said Balance-sheet and Profit & Loss Account read together with the other notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view :

1 In case of the Balance-sheet, of the state of affairs of the Company as at 31st March 2008;
and

2 In case of the Profit & Loss Account of the Loss for the year ended on 31st March 2008.

FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS

K. K. JHUNJHUNWALA
(PARTNER)



PLACE :- MUMBAI
DATE :- 24-06-2008

ANNEXURE TO THE AUDITOR'S REPORT

Re: ALKA DIAMOND INDUSTRIES LTD.

Referred to in the Paragraph 1 of our report of even date,

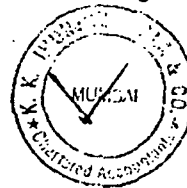
- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets.
- (b) All the assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not taken loan from other Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. Nil and the year-end balance of loans taken from such parties was Rs. NIL. There are no firms covered in the register maintained under section 301 of the Companies Act, 1956 to which the Company has granted loans. The maximum amount involved during the year was Rs. nil and the year end balance of loans granted to such parties Rs. nil
- (b) The clause relating to the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 is not applicable.
- (c) Since the company has not taken / granted loans therefore this clause is not applicable.
- (d) Since the company has not taken / granted loans therefore this clause is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are a few transactions during the year made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party.



- (vi) The Company has not accepted deposits from directors and public.
- (vii) In our opinion, the Company has adequate internal audit system commensurate with the size and nature of its business.
- (viii) The Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 are not applicable to the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2008 a period of more than six months from the date they became payable except for the following

Name of Statute	Nature of dues	Amount (Rs.)	Period to which amount Related	Form where dispute is pending
Income Tax	U/s. 271 (1) (C)	11,95,138	A. Y. 2001-02	ITAT - Mumbai

- (c) According to the information and explanations given to us, there are no dues of Sale Tax and Income Tax, customs duty, wealth tax, excise duty and cess.
- (x) The Company has incurred cash losses during the financial year, only covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or institute in the current year.
- (xii) We are of the opinion that the Company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, 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 are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the company has maintained proper records of transactions and contracts showing full particulars of investments including quantitative details. The company has made entries timely.
- (xv) As explained to us the Company has not given any guarantee for loan taken by others from Banks or Financial Institution.
- (xvi) As explained to us the Company has not taken any Term Loan.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) Company has not raised funds by loans.



- (xx) The Company has not raised funds by public issue during the year under audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS

K. K. JHUNJHUNWALA
(PARTNER)



PLACE :- MUMBAI
DATE :- 24-06-2008

Alka DIAMOND INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE	AS AT 31.03.2008	AS AT 31.03.2007
I. SOURCES OF FUNDS			
Shareholders Fund :			
Equity Capital	"A"	46,723,000	46,723,000
Reserves & Surplus	"B"	40,694,621	41,819,697
Loan Funds			
Secured Loan	"C"	-	408,628
Unsecured Loan		88,931,224	45,341,689
Deferred Tax Liability (Net) :		236,270	252,303
TOTAL		176,585,115	134,545,317
II. APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	"D"	2,044,684	2,011,684
Less : Depreciation		1,222,514	1,111,671
Net Block :		822,170	900,013
Investments		111,200,167	137,191,410
Current Assets, Loans & Advances			
Inventories	"E"	1,932,080	1,932,080
Sundry Debtors	"F"	95,919,975	128,658,074
Cash & Bank Balances	"G"	249,977	(3,272,179)
Loans & Advances	"H"	12,769,429	11,806,335
		110,871,460	139,124,309
Less : Current Liabilities & Provisions	"I"	46,362,082	142,807,997
NET CURRENT ASSETS		64,509,378	(3,683,688)
Miscellaneous Expenditure (To the extent not written off or adjusted)	"J"	53,400	137,582
TOTAL		176,585,115	134,545,317
NOTES TO THE ACCOUNTS	"M"	-	-

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS

K. K. JHUNJHUNWALA
(PARTNER)

PLACE : MUMBAI.
DATE : 24-06-2008



FOR AND ON BEHALF OF THE BOARD OF
ALKA DIAMOND INDUSTRIES LIMITED

[Signature]
MANAGING DIRECTOR

[Signature]
DIRECTOR

[Signature]
DIRECTOR

for Alka Diamonds Industries Ltd.

[Signature]
Director

Alka DIAMOND INDUSTRIES LIMITED

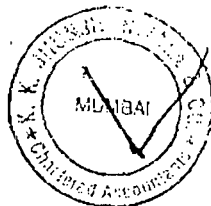
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCHEDULE	F.Y. 2007-08	F.Y. 2006-07
I. INCOME :			
Income from Operation	"K"	7,281,873	3,044,659
Increase / (Decrease) in Stock		-	(1,016,888)
TOTAL INCOME :-		7,281,873	2,027,771
II. EXPENDITURE :			
Administrative, Selling & Other Exp.	"L"	3,300,747	1,015,588
Interest & Financial Charges		4,759,321	171,865
Depreciation		110,843	51,355
Preliminary Expenses written off		84,182	84,182
TOTAL EXPENDITURE :-		8,255,092	1,322,990
III. PROFIT BEFORE TAX (PBT)		(973,419)	704,781
Less : Provision for Taxation		150,000	70,000
Add : Deferred Tax		16,033	13,246
IV. PROFIT AFTER TAX (PAT)		(1,107,386)	648,027
Less : Prior Year Income Tax		17,690	2,539,791
		(1,125,076)	(1,891,764)
Add : Balance b/f from previous year		(86,254)	1,805,510
V. BALANCE AVAILABLE FOR APPROPRIATIONS		(1,211,330)	(86,254)
Less : Transferred to General Reserves		-	-
		(1,211,330)	(86,254)
Less : Proposed Dividend		-	-
BALANCE TO CARRY FORWARD TO BALANCE-SHEET		(1,211,330)	(86,254)
NOTES TO THE ACCOUNTS	"M"		

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS

K. K. JHUNJHUNWALA
(PARTNER)

PLACE : MUMBAI.
DATE : 24-06-2008



FOR AND ON BEHALF OF THE BOARD OF
ALKA DIAMOND INDUSTRIES LIMITED

[Signature]
MANAGING DIRECTOR

[Signature]
DIRECTOR

[Signature]
DIRECTOR

SCHEDULE TO ACCOUNTS

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE "A"		
SHARE CAPITAL :-		
<u>Authorised Share Capital</u>		
55,00,000 (Previous Year 55,00,000) Equity Shares of Rs. 10/- each.	55,000,000	55,000,000
<u>Issued & Subscribed</u>		
48,60,900 (Previous Year 48,60,900) Equity Shares of Rs. 10/- each fully paid up.	48,609,000	48,609,000
<u>Paid up Capital</u>		
48,60,900 (Previous Year 48,60,900) Equity Shares of Rs. 10/- each. of above Shares 43,150 (Previous year 43,150) Shares have been issued as fully paid up Bonus Shares.	48,609,000	48,609,000
Less :- Allotment Money due on 377200 Equity Shares @ Rs. 5/- each.	1,886,000	1,886,000
	46,723,000	46,723,000
SCHEDULE "B"		
RESERVES & SURPLUS :-		
Balance as per last Balance Sheet	41,905,951	41,905,951
Add :- Transferred from Profit & Loss Account		
Total (I) :-	41,905,951	41,905,951
Profit & Loss Account (B/F)	(86,254)	1,205,510
Add :- Current Year Balance	(1,125,076)	(1,891,764)
Total (II) :-	(1,211,330)	(86,254)
	40,694,621	41,819,697
SCHEDULE "C"		
LOAN FUNDS		
Secured Loan		408,628
Unsecured Loan	88,931,224	45,341,689
	88,931,224	45,750,317



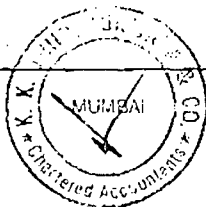
SCHEDULE

FIXED ASSETS

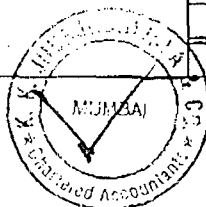
SR. NO.	DESCRIPTION OF ASSETS	RATE	GROSS BLOCK			DEPRECIATION			NET BLOCK	
			AS AT 01-Apr-07 (RS.)	ADDITION/ (DELETION) (RS.)	AS AT 31-Mar-08 (RS.)	AS AT 01-Apr-07 (RS.)	FOR THE YEAR (RS.)	AS AT 31-Mar-08 (RS.)	AS AT 31-Mar-08 (RS.)	AS AT 31-Mar-07 (RS.)
1	BLOCK - I Office Premises	10%	1,767,800	-	1,767,800	900,949	86,685	987,634	780,168	866,851
2	BLOCK - II Furniture & Fitting Safe	18.10%	58,565 45,870	- -	58,565 45,870	55,201 42,992	609 521	55,810 43,513	2,755 2,357	3,364 2,878
3	BLOCK - III Office Equipments * Computer Camera Software	40%	16,147 101,070 11,000 11,232	33,000.00 - - -	49,147 101,070 11,000 11,232	14,206 86,633 9,250 2,440	13,036 5,775 700 3,517	27,242 92,408 9,950 5,957	21,905 8,662 1,050 5,275	1,941 14,437 1,750 8,792
GRAND TOTAL AS ON 31.03.2008			2,011,684	33,000	2,044,684	1,111,671	110,843	1,222,514	822,170	900,013
GRAND TOTAL AS ON 31.03.2007			2,011,684	-	2,011,684	1,060,316	51,355	1,111,671	900,013	950,551

Item	Date	Amount	Days upto 31-3-08	Depreciation
Office Equipments	28-Apr-07	33000	339.00	12260

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE "E"		
INVENTORIES :		
As taken, valued & Certified by Management]		
Gold Standard	1,750,975	1,750,975
Gold Ornaments	181,105	181,105
TOTAL :-	1,932,080	1,932,080
SCHEDULE "F"		
TRADING DEBTORS :		
Unsecured, considered good)		
Outstanding for a period exceeding Six Months	95,919,975	128,658,074
Others	-	-
TOTAL :-	95,919,975	128,658,074
SCHEDULE "G"		
CASH & BANK BALANCE		
Cash on hand	189,462	87,900
As physically verified & certified by Management)		
Balance with Scheduled Banks in -		
Current Account	60,515	(3,360,088)
TOTAL :-	249,977	(3,272,179)
SCHEDULE "H"		
LOANS & ADVANCES		
Inter Corporate Deposits (ICD)	5,130,834	9,009,180
Advances & Deposits	7,471,895	2,713,105
Income Tax	166,700	84,050
TOTAL :-	12,769,429	11,806,335
SCHEDULE "I"		
CURRENT LIABILITIES		
Creditors for goods	44,731,282	142,412,005
Creditors for Expenses	1,480,800	325,992
Provisions	150,000	70,000
TOTAL :-	46,362,082	142,807,997



PARTICULARS	AS AT	AS AT
	31.03.2008	31.03.2007
SCHEDULE "J"		
MISCELLANEOUS EXPENDITURE :-		
(to the extent not written off or adjusted)		
Opening Balance	137,582	221,764
Less :- Written off during the year	84,182	84,182
Total (I + II) :-	53,400	137,582
SCHEDULE "K"		
OTHER INCOME :-		
Exchange Difference	(5,326,416)	(79,106)
Capital Gain	110,635,449	55,190
Dividend	25,100	273,262
Share Trading (F&O)	(98,052,460)	-
Other Income	-	2,795,313
TOTAL :-	7,281,673	3,044,659
SCHEDULE "L"		
ADMINISTRATIVE & SELLING EXPENSES		
Advertisement Expenses	-	3,550
Audit Fees	39,326	39,326
Bank Charges	34,301	65,199
Conveyance Expenses	55,563	12,017
Demate Charges	4,494	8,980
Directors Remuneration	240,000	150,000
Electricity exp.	10,524	28,167
ESIC	-	441,617
Filing Fees	19,084	-
General Expenses	18,734	10,744
Legal & Professional Fees	25,000	-
Listing Fees	10,000	10,600
Maintenance Expenses	43,541	15,561
Office Expenses	23,619	31,028
Postage and Telegram	-	9,047
Printing & Stationery	-	4,624
Salary	150,170	144,000
Security Transaction Tax	1,274,841	-
Share Trading Expenses	1,202,551	-
Square-up Charges	-	424
Staff Welfare Expenses	39,182	7,960
Telephone Expenses	98,827	32,744
MVAT	10,990	-
TOTAL	3,300,747	1,015,588



Alka DIAMOND INDUSTRIES LIMITED

SCHEDULE "M" NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES :-

1. Basis of Accounting:-

The Financial statements are prepared under the historical cost convention on accrual basis except Electricity, Telephone Expenses and Maintenance Expenses.

2. Fixed Assets :-

All fixed assets are valued at cost less Depreciation.

3. Depreciation :-

Depreciation on Fixed Assets is provided on Written Down Value (W.D.V.) Method in accordance with the Schedule XIV of the Companies Act, 1956.

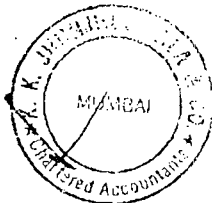
4. Inventories :-

a) Rough Diamonds :- Valued at Cost or Market Price whichever is lower.

b) Polished Diamonds :- Valued at Cost or Market Price whichever is lower.

c) Rough Diamonds Rejection: - Valued at Market Price.

d) Gold and Jewellery :- Valued at Cost or Market Price whichever is lower.



Alka DIAMOND INDUSTRIES LIMITED

5. Foreign Currency Transactions: -

- a) Transaction in Foreign Currencies is normally recorded at the exchange rate prevailing at the time of transaction.
- b) Realized gains or losses on Foreign Exchange transaction are recorded in the Profit & Loss Account at the time of actual realization of gains or losses.

6. Revenue Recognition :-

In appropriate circumstance, revenue is recognized when no significant uncertainty as to determination or realization exists.

7. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

8. Contingencies and events occurring after the date of Balance Sheet :- NIL

B) NOTES FORMING PART OF THE ACCOUNTS: -

1. Payment to Auditors :-

	<u>As at 31.03.2008</u>	<u>As at 31.03.2007</u>
	(Rs.)	(Rs.)
a) Audit Fees	20,000	20,000
b) Tax Audit Fees	5,000	5,000
c) Certification and Taxation matter	10,000	10,000
d) Service Tax	4,326	3,570
	-----	-----
	39,326	38,570
	=====	=====

2. Managerial Remuneration: -

Director Salary	2,40,000	1,50,000
Director Sitting Fees	-----	-----
	-----	-----
	2,40,000	1,50,000
	=====	=====



Alka DIAMOND INDUSTRIES LIMITED

3. Contingent Liabilities :- --- NIL --- --- NIL ---

1. Payment against supplies from Small Scale Industrial undertakings are made in accordance with the agreed terms and to the extent ascertained from the available information, there is no overdue amount outstanding for more than 30 days.
2. No Dividend declared in the current year.
3. Balance of Sundry Debtors/Creditors and Loans & Advances are subject to Confirmation/ reconciliation.
4. The Company has not revalued export receivables at the exchange rate prevailing at the end of the year and accordingly the debtors are overstated by Rs. 108.53 Lacs (Previous year 40.35 Lacs overstated) and the Profit is overstated to the extent of Rs.108.53 Lacs (Previous year 40.35 Lacs).
5. In the opinion of the board any of the current assets, Loan and Advances etc. have value on realization in ordinary course of business at least equal to the amounts at which they are stated.
6. Previous year's figures have been regrouped, rearranged and recast wherever found necessary.



REDG. OFF.: 233, PANCHRATNA, M P ROAD, OPERA HOUSE, MUMBAI - 400 004

Alka DIAMOND INDUSTRIES LIMITED

A) DETAILED QUANTITATIVE INFORMATION OF TURNOVER OPENING STOCK, CLOSING STOCK AND GOODS MANUFACTURED/TRADED DURING THE YEAR ENDED 31.03.2007.

PARTICULARS	31 ST MARCH, 2008			31 ST MARCH, 2007	
	UNIT	QUANTITY	VALUE (RS.)	QUANTITY	VALUE (RS.)
1. TURNOVER		Nil		Nil	
2. PURCHASE		Nil		Nil	
3. MATERIAL CONSUMED		Nil		Nil	
4. MANUFACTURED		Nil		Nil	
5. OPENING STOCK					
Raw Gold	Gms.	5034.06	17,50,975	5034.06	17,50,975
Gold Jewellery	Gms.	1006.14	1,81,105	1006.14	1,81,105
6. CLOSING STOCK					
Raw Gold	Gms.	5034.06	17,50,975	5034.06	17,50,975
Gold Jewellery	Gms.	1006.14	1,81,105	1006.14	1,81,105
7. PRODUCTION CAPACITY		--N.A.--		-- N.A. --	
B) CIF Value of Import		Nil		Nil	
C) Expenditure in Foreign Currency		Nil		Nil	
D) Earning in Foreign Currency		Nil		Nil	
E) Dividend Remitted in Foreign Exchange		NIL		NIL	

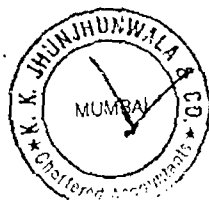
SIGNATURE TO SCHEDULE A TO M

AS PER OUR REPORT ON EVEN DATE ATTACHED
FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS

K. K. JHUNJHUNWALA
(PARTNER)

PLACE :- MUMBAI.

DATE :- 24-06-2008



FOR AND ON BEHALF OF THE BOARD
ALKA DIAMOND INDUSTRIES LTD.

L. Mathur *[Signature]*
MANAGING DIRECTOR DIRECTOR

[Signature]
DIRECTOR