



DEEP DIAMOND INDIA LIMITED



**15th ANNUAL REPORT
2008-2009**



BOARD OF DIRECTORS

MR. PRAKASH R. SOLANKI
Chairman

MR. DINESH R. SOLANKI
Managing Director

MR. MANOJ V. JAIN
Director

MR. RAMESH V. PATEL
Director

MRS. SANGEETA R. JAIN
Director

STATUTORY AUDITORS

M/s. RAMPRASAD SHARMA & ASSOCIATES
Chartered Accountants
325, Madhu Mansion, 4th Floor,
Kalbadevi Road, Mumbai – 400 002

BANKERS

Rupee Co. Op. Bank Limited
Bank of Baroda

REGISTERED OFFICE

Office No. 202, Cosmos Court Premises
Co-operative Society Ltd., S. V. Road,
Vile Parle (W), Mumbai – 400 056

FACTORY :

Unit No. 6-B, Planet Ind. Estate,
Subhash Road, Vile Parle (East),
Mumbai – 400 057. MAHARASHTRA.

REGISTRARS & SHARE TRANSFER AGENT
MONDKAR COMPUTERS PRIVATE LIMITED
21, Shakil Niwas, Mahakali Caves Road,
Opp. Sai Baba Temple, Andheri (East),
Mumbai – 400 093

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of **Deep Diamond India Limited** will be held on Wednesday, September 30, 2009 at 11.30 a.m. at The Silk Merchants' Association, Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Ramesh Kumar Patel who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

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.
2. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 23, 2009 to Wednesday, September 30, 2009 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
5. Members are requested to notify promptly any change in their addresses to the Company's Registrar and Share Transfer Agents, Mondkar Computers Private Limited, 21, Shakil Nivas Mahakali Caves Road, Opp. Sai Baba Temple, Andheri (East) Mumbai 400093.
6. Shareholders desiring information as regards the Accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.

Registered Office:
Office No. 202,
Cosmos Court Premises
Co-operative Society Ltd.,
S. V. Road, Vile Parle (W),
Mumbai – 400 056.
MUMBAI: 28th August, 2009

By Order of the Board,
for DEEP DIAMOND INDIA LIMITED

PRAKASH R. SOLANKI
Executive Director

DIRECTORS' REPORT

To,
The Members

The Directors have pleasure in presenting the Fifteenth Annual Report together with the Statement of Accounts for the year ended March 31, 2009 :

FINANCIAL RESULTS :	2008 - 2009	2007 - 2008
Sales & Other Income	<u>29658377</u>	<u>29529119</u>
Profit before Interest and Depreciation	<u>4721841</u>	<u>1852158</u>
Less : Interest	<u>1013897</u>	<u>1032579</u>
Profit before Depreciation	<u>3707944</u>	<u>819579</u>
Less : Depreciation	<u>546545</u>	<u>440034</u>
Profit before Taxation	<u>3161399</u>	<u>379545</u>
Less : Loss on Sale of Fixed Assets	<u>(18540)</u>	<u>68569</u>
Less : Provision for Taxation : Current	<u>(920000)</u>	<u>89000</u>
Deferred	<u>(79721)</u>	<u>44195</u>
Profit after Tax	<u>2143138</u>	<u>177781</u>
Add: Balance Profit brought forward from previous year	<u>25951016</u>	<u>25773235</u>
Profit / (Loss) carried to Balance sheet	<u>28094154</u>	<u>25951016</u>

OPERATIONS :

The Company's business comprised of Domestic Operations only and the increase in Profitability is due to variation in Rate and stock. It is expected to do better in the current year.

DIVIDEND :

In order to conserve the resources to meet its long term fund requirements of the Company, your Directors do not recommend any dividend for the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO :**(A) CONSERVATION OF ENERGY :**

The particulars regarding conservation of energy are not applicable to the Company, as the Diamond Industry is not covered under the Schedule prescribed by the said Rules.

(B) TECHNOLOGY ABSORPTION :

Presently the Company is not required any technology for its existing business.

- (C)** Foreign Exchanged Earned : Rs. Nil
Foreign Exchange Utilised : Rs. Nil



FIXED DEPOSITS :

The company has not accepted any Fixed Deposits from the public during the year under review.

LISTING :

The Equity Shares of the Company are listed at the Pune, Ahmedabad, Delhi, Calcutta and Bangalore Stock Exchanges. The company has paid the Annual Listing Fees to the Stock Exchanges for the year 2009-2010.

DIRECTORS :

Shri Ramesh Kumar Patel would retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Brief resume of the above Director, nature of his experience in specific functional areas and names of the companies in which he holds directorship and membership / chairmanship of committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange are given in the section on Corporate Governance in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT :

As specifically required under the Companies Act, 1956, your Directors state that :

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed alongwith 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 of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate 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 have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion & Analysis and on Corporate Governance along with a certificate from the Auditors form part of this report.

COMPLIANCE CERTIFICATE :

A Compliance Certificate under Section 383A of the Companies Act, 1956 from the Practising Company Secretary in respect of the financial year ended on March 31, 2009 is attached hereto.

PARTICULARS OF EMPLOYEES :

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS :

M/s. Ramprasad Sharma & Associates, Chartered Accountants, the Auditors of the company would retire at the ensuing Annual General Meeting and are eligible for reappointment.

You are requested to appoint Auditors and to fix their remuneration.

ACKNOWLEDGEMENT :

Your Directors greatly value the support and co-operation received during the year from the company's customers, suppliers, Financial Institutions, Bankers, Statutory Authorities and all organizations connected with its business. Your Directors place on record their appreciation of the efficient and loyal services rendered by the employees of the Company at all levels. Our whole-hearted thanks to our shareholders, who have extended their valuable support.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 30th June, 2009

PRAKASH R. SOLANKI
Chairman



COMPLIANCE CERTIFICATE

To,
The Members
DEEP DIAMOND INDIA LIMITED
Office No. 202, Cosmos Court Premises Co-operative Society Ltd.
S. V. Road, Vile Parle (W), Mumbai- 400056.

We have examined the registers, records, books and papers of Deep Diamond India Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities as mentioned in the said Annexure.
3. The Company being a public limited company, comments that it has minimum prescribed paid-up capital and comments relating to Private Limited Company about maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors duly met 5 (Five) times on 30.04.2008, 30.06.2008, 31.07.2008, 31.10.2008 and 31.01.2009 in respect of which meetings notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. (No circular resolution was passed.)
5. The Company has closed its Register of Members from 23rd September 2008 to 30th September 2008 and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March, 2008 was held on 30.09.2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make entries in the register maintained under section 301 of the Act.

11. The Company has obtained necessary approvals from the Board of Directors and members pursuant to Section 314 of the Act wherever applicable.
12. The company has not issued any duplicate share certificates during the financial year.
13.
 - (i) The company has delivered all the certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) The Company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) There are no unpaid dividends, application money due for refund, matured deposits, matured debentures or the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
 - (v) The Company has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the financial year.
18. Two directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The company has not issued any preference shares or debentures.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2009.
25. The Company has not made any loans or investments or given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.



27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to deduct any contribution towards Provident Fund during the financial year.

Place : Mumbai
Date : 30.06.2009

For J. U. Poojari & Associates
Signature : Sd/-
Name of Company Secretary : J. U. Poojari
C. P. No. : 8187

ANNEXURE 'A'

Statutory Registers as maintained by the Company :

1. Register of Charges u/s 143 of the Act.
2. Register of Members u/s 150 of the Act.
3. Minutes Book of Board Meetings u/s 193 of the Act. (in loose-leaf)
4. Minutes Book of General Meetings u/s 193 of the Act. (in loose-leaf)
5. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
6. Register of Contracts u/s 301 of the Act.
7. Register of disclosure of interest u/s 301 of the Act.
8. Register of Particulars of Directors etc. u/s 303 of the Act.
9. Register of Directors' Shareholding u/s 307 of the Act.

Other Registers :

1. Register of Transfers

Place : Mumbai
Date : 30.06.2009

For J. U. Poojari & Associates
Signature : Sd/-
Name of Company Secretary : J. U. Poojari
C. P. No. : 8187

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on March 31, 2009.

Sr. No.	Form No./ Return	Filed under Section	For	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additions 1 fee paid Yes/No
1.	Form DIN-3	266E	Intimation of Directors Identification Number of Shri Manoj Valchand Jain	25.04.2008	Yes	N.A
2.	Form 23	192	Ms. Jayashree Solanki relative of Director to hold office or place of profit	17.11.2008	No	Yes
3.	Form DIN-3	266E	Intimation of Directors Identification Number of Shri Dinesh Solanki	10.12.2008	Yes	N.A.
4.	Form 23AC & 23ACA along with the Annual Report as on 31.03.2008	220	Adopted at the Annual General Meeting held on 30.09.2008	19.12.2008	No	Yes
5.	Form DIN-3	266E	Intimation of Directors Identification Number of Shri Ramesh Kumar Patel	20.02.2009	Yes	N.A
6.	Form 20B along with Annual Return made upto 30.09.2008	159	Annual General Meeting held on 30.09.2008	28.02.2009	No	Yes

Place : Mumbai

For J. U. Poojari & Associates
Signature : Sd/-

Date : 30.06.2009

Name of Company Secretary : J. U. Poojari
C. P. No. : 8187



ANNEXURE TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on Management Discussion and Analysis, which is forming part of this Report, adequately deals with the operations as also current and future outlook of the Company.

INDUSTRY STRUCTURE, DEVELOPMENT, OPPORTUNITY AND THREATS :

The Company is in the Business of Diamond and Gold Jewellery. The Indian jewellery market is mainly catered and dominated by traditional, unorganized jewellery manufactures and retailers.

Technologically (Organised and Corporate) Indian jewellery industry compares well with other major world centres, incorporating the most modern machinery and latest manufacturing process. However the cost remains higher than the traditional and unorganized manufactures and retailers.

The Indian jewellery market is dominated by retail jewellers. Indian jewellery has huge potential for exports also. The Company always looks forward to tap forward these huge potential of Indian jewellery market by offering latest well designed products. The Company has highly skilled labour and designers and marketing team to cater to the rising demand.

SEGMENT – WISE PRODUCTION PERFORMANCE :

Since the Company operations predominantly is in only one segment – viz. Jewellery of Gold and Diamond Studded, therefore the above figures relates to that segment.

OUTLOOK :

The Company and its products enjoy a huge demand in the market and in view of the dedicated clientele of retailers it hopes to increase the sale and profitability in the current year.

RISKS AND CONCERNS :

The Company is falling under Jewellery Industry. The Jewellery Industry, as such, is exposed to various types of risks and its growth is dependent, in general on the economy's growth and on several factors such as taxation, government regulations, fluctuations in gold and diamond price, etc. Jewellery industry currently in India has become highly competitive due to competition from unorganized sectors. Most of the retail jewellers are being serviced and supplied by these unorganized sectors of manufacturer of Jewellery. This in turn has affected the organized and corporate Jewellery industry that has to face pressure on margins.

Exposure to few large customers has major impact on profitability and increases the credit risks, whereas, large customers with high repeat business lead to higher revenue growth and lower marketing cost. Therefore it is essential for the Company to strike a balance on this account. Your Company is trying to diversify its customer base, covering almost all in the country, wide dealer network and export customers. Your Company is also actively involved new business opportunities both in domestic and export markets in order to further increase its customer base.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has an effective system of accounting and administrative controls which ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition. The company has a well defined organization structure with clear functional authority limits for approval of all transactions.

The Company has a reporting system, which evaluates and forewarns the management on issues related to compliance. The performance of the Company is regularly reviewed by the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with the pre-set objectives.

The Company's internal auditors review business processes and controls. Significant findings are then discussed by the Board and corrective measures initiated.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

During the year under review, the turnover is Rs. 2,96,58,377/- as compared to Rs. 2,95,29,119/- of the previous year. Accordingly, the Company's net profit during the year is Rs. 31,61,399/- against Rs. 3,79,545/- of the previous year.

Your Company continue to make all the efforts to adopt the best systems and methods of doing the business, reduce overheads, improve productivity and establish better customer relations with improved quality and effective distribution network.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT :

The affairs of the Company are being managed under the control and supervision of the Managing Director is being assisted with experienced and qualified management and marketing team.

In an on going effort to create high quality Human Resources, various initiatives were taken through development programmes where employees are encouraged to share creative ways and means to improve productivity.

As in the past identification and sourcing of high talent, promotion of performance excellence, development of on-the-job skills and effective employee communication will continue to receive focused attention.

Industrial relations were cordial throughout the year with no loss of production and man-hours.

The Company treats people as most valuable asset and has a structured system of performance appraisal and career advancement.

CAUTIONARY STATEMENT :

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities law 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 markets in which Company operates mainly, changes in Government regulations, tax laws and other statutes and incidental factors.

Place : Mumbai
Date : June 30, 2009

PRAKASH R. SOLANKI
Chairman

**REPORT ON CORPORATE GOVERNANCE**
(Pursuant to clause 49 of the Listing Agreement)**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company's philosophy of Corporate Governance is to protect the long-term interest of the shareholders while respecting interest of other stakeholders and society at large.

The Company is committed to good corporate governance and transparency in its dealings and lays emphasis on integrity and regulatory compliance.

2. BOARD OF DIRECTORS :**A. Composition of Board :**

The present strength of the Board of Directors of your Company is five. Composition and category of Directors is as follows :

Name of Director	Category *	No. of Board Meetings attended		Attendance at the last AGM	Directorship in other Companies including private companies in India	No. of Committees in which Chairman/Member (other than Deep Diamond India Limited)	
		held	attended			Member	Chairman
Shri Prakash R. Solanki	Executive Chairman	5	5	Yes	NIL	NIL	NIL
Shri Dinesh R. Solanki	Managing Director	5	5	Yes	NIL	NIL	NIL
Shri Manoj V. Jain	I & N. E. D.	5	5	Yes	NIL	NIL	NIL
Shri Ramesh V. Patel	I & N. E. D.	5	5	Yes	NIL	NIL	NIL
Smt. Sangeeta R. Jain	I. & N. E. D.	5	5	Yes	NIL	NIL	NIL

** I & N.E.D. – Independent & Non-Executive Director

* N.E.D. – Non-Executive Director

Shri Prakash R. Solanki and Shri Dinesh R. Solanki are related to each other. None of the other directors are related interse.

B. Non-Executive Directors' compensation and disclosures :

None of the non-executive directors is paid any remuneration nor they hold shares in the Company.

C. Independent Directors :

The independent Directors are not related to promoters or management at the Board level. They review at every board meeting legal compliance reports prepared by the company.

D. BOARD MEETINGS :

Five Board Meetings were held during the year 2008-2009. The dates on which the said meetings were held are as follows :

30-04-2008, 30-06-2008, 31-07-2008, 31-10-2008 and 31-01-2009.

The Company has a process to provide inter-alia the information to the Board as required under Annexure IA to clause 49 of the Listing Agreement pursuant to Corporate Governance. The Board periodically reviews the compliance of all laws applicable to the Company.

Two directors have made disclosures about the committee positions they occupy in other companies.

The Company has not entered into any materially significant transactions during the year under report with promoters, directors, senior management personnel etc. other than transactions if any, entered into in the normal course of company's business.

E. Details of Directors to be appointed :

The particulars of Directors who are proposed to be appointed / re-appointed at this Annual General Meeting, are given below, as required pursuant to clause 49 of the Listing Agreement.

• Name of Directors	:	Shri.Ramesh Kumar Patel
• Age	:	47 years
• Qualifications	:	B.Com., FCA
• Nature of Expertise	:	Accounting
• Name of other Companies in which holds Directorship	:	NIL
• Name of other Companies in which holds Membership of committees of the Board	:	N.A.

F. Code of Conduct :

The Board has laid down a code of conduct for Board members and senior management personnel of the company. The board members and senior management personnel have affirmed compliance with the said code of conduct.

3. AUDIT COMMITTEE :

The Audit Committee comprised solely of Qualified, Independent & Non-Executive Directors. The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 such as oversight of the company's financial reporting process; recommending the appointment / reappointment of statutory auditors; reviewing with the management annual financial statements; quarterly financial statements and other matters as covered under role of audit committee in clause 49. The audit committee has powers, inter-alia, to investigate any



DEEP DIAMOND INDIA LIMITED

activity within its terms of reference and to seek information from any employee of the company as well as seek outside legal and professional advice.

The members of audit committee have knowledge on financial matters and majority of them have accounting or related financial management expertise. The Chairman of the audit committee is an independent director.

The audit committee reviews all the information that are required to be mandatorily reviewed by it under corporate governance.

Five meetings of the Committee were held during the year 2008-2009. The dates on which the meetings were held are as follows :

30-04-2008, 30-06-2008, 31-07-2008, 31-10-2008 and 31-01-2009.

Composition and category of Members is as follows :

Name of Director	Category	No. of Meetings	
		held	attended
Shri Manoj V. Jain	Chairman	5	5
Shri Ramesh V. Patel	Member	5	5
Smt. Sangeeta R. Jain	Member	5	5

4. SUBSIDIARY COMPANY :

The company has no subsidiary company.

5. REMUNERATION COMMITTEE :

The Remuneration Committee comprised solely Independent & Non-Executive Directors namely Shri Manoj V. Jain, Shri Ramesh V. Patel and Smt. Sangeeta R. Jain.

The remuneration committee deals with the matters specified in clause 49 of the listing agreement and also reviews the overall compensation structure and policies of the company. No meeting of the Committee was held during the year.

Details of remuneration paid to the Directors of the Company during the year ended March 31, 2009 are given below :

Name of Director	Salary	Perquisites	Commission	Others	Sitting Fees	Total
Shri Prakash R. Solanki	3,60,000	Nil	Nil	Nil	Nil	3,60,000
Shri Dinesh R. Solanki	3,60,000	Nil	Nil	Nil	Nil	3,60,000
Shri Manoj V. Jain	Nil	Nil	Nil	Nil	Nil	Nil
Shri Ramesh V. Patel	Nil	Nil	Nil	Nil	Nil	Nil
Smt. Sangeeta Jain	Nil	Nil	Nil	Nil	Nil	Nil

Non-Executive Directors are not entitled to any remuneration.

The Company does not have a scheme for grant of stock options.

6. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders' / Investors' Grievance Committee comprised solely of Independent & Non-Executive Directors viz: Shri Manoj V. Jain, Shri Ramesh V. Patel and Smt. Sangeeta R. Jain. Shri Manoj V. Jain is the Chairman of the Committee.

Since no Complaint was received, meeting of the Committee was not held during the year 2008-2009.

The Committee looks into redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc Shri Prakash R. Solanki is a Compliance Officer of the Company.

No investor complaint was received during the year under review. Outstanding complaints as on 31st March, 2009 were Nil. No requests for transfers were pending for approval as on 31st March, 2009.

The Shareholders' / Investors' Grievance Committee has delegated the powers of approving transfer / transmission of shares to share transfer committee which met as often as possible to approve transfers and related matters as may be required. (also see para 12.ix).

7. GENERAL BODY MEETINGS :

Location and time for last three Annual General Meetings :

Year	Location	Day, Date	Time
2005-2006	The Silk Merchant's Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002	Saturday 30-09-2006	10.00 a.m.
2006-2007	The Silk Merchant's Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002	Saturday 29-09-2007	12.30 p.m.
2007-2008	The Silk Merchant's Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002	Tuesday 30-09-2008	11.00 a.m.

All the resolutions, including special resolution, set out in the respective notes convening the Annual General Meeting were passed by the shareholders.

No postal ballots were used for voting at these meetings. At the ensuing Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.



8. DISCLOSURES :

(A) Related Party Transactions :

The Particulars of transactions between the company and its related parties as per Accounting Standard is set out in notes on accounts in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest.

(B) Risk Management :

The Company has adopted a risk management policy. The Board of Directors have been informed from time to time of the business risks faced by the Company and the steps taken by the management to face them.

(C) Proceeds from Initial Public Offerings (IPOs) etc. :

The Company has not made any IPO during the year.

(D) Management :

The Management Discussion & Analysis Report forms part of this Annual Report.

9. WHISTLE BLOWER POLICY :

The company has not framed any whistle blower policy. However, no personnel has been denied access to the audit committee.

The company has not adopted non-mandatory requirements of clause 49. However the particulars relating to remuneration committee are given in this report.

10. POSTAL BALLOT :

The Company does not have any proposal for postal ballot this year.

11. MEANS OF COMMUNICATION :

The quarterly results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in newspapers like Navshakti (Marathi) and The Free Press Journal (English). These are not sent individually to the shareholders.

There were no presentations made to the institutional investors or analysts.

12. GENERAL SHAREHOLDERS INFORMATION :

- i. 15th Annual General Meeting : Wednesday, 30th September 2009 at 11.30 a.m.
Date, Time and Venue : The Silk Merchants' Association
Dahanukar Building, 1st Floor, 480,
Kalbadevi Road, Mumbai - 400 002.
- ii. Financial Calendar : 1st April, 2008 to 31st March, 2009

Financial Reporting for :

- Quarter ending June, 2009 : Last week of July*
- Quarter ending September, 2009 : Last week of October*
- Quarter ending December, 2009 : Last week of January*
- Annual Results for the year ending on March 31, 2010 : Last week of June*
* Tentative
- iii. Date of Book Closure : Wednesday, September 23, 2009 to Wednesday, September 30, 2009 (both days inclusive)
- iv. Dividend Payment Date : Not Applicable
- v. Listing on Stock Exchanges : Pune, Ahmedabad, Bangalore, Calcutta and Delhi Stock Exchange
- vi. Stock Codes :
- (a) Physical : The Stock Exchange at: -
- | | | |
|----------------------|---|---------------|
| Pune | : | DEED / 160159 |
| Ahmedabad | : | D / 13205 |
| Bangalore | : | DD1 |
| Calcutta | : | 14060 |
| Delhi Stock Exchange | : | 8919 |
- (b) ISIN Number in NSDL : ISIN No. INE005G01018
- vii. Stock Price Data :
- There is no sensex maintain at Regional Stock Exchange, Pune, hence Stock price data is not available.
- viii. Registrar & Share Transfer Agent: M/s. Mondkar Computers Pvt. Ltd., 21, Shakil Niwas, Mahakali Caves Road, Opp. Saibaba Temple, Andheri (East), Mumbai – 400 093
- ix. Share Transfer System :
- Applications for transfer of shares in physical form are processed by the Company's Registrar & Share Transfer Agents, M/s. Mondkar Computers Pvt. Ltd. Share transfers are registered and duly transferred share certificates are returned to the lodger within a period of thirty days from the date of receipt, if the documents are otherwise in order. The share transfer committee meets as often as possible to approve transfers and related matters as may be required.

**DEEP DIAMOND INDIA LIMITED**

x. Categories of Shareholders as on 31st March, 2009 :

Particulars	No. of shares held	Percentage to total share capital
Promoters	1749500	62.79
Corporate Bodies	174400	6.26
NRI / OCB / FII	124000	4.45
General Public	<u>738500</u>	<u>26.50</u>
Total	2786400	100.000

xi. Dematerialization of Shares and Liquidity :

As on 31st March, 2009, 18.57% of the paid up share capital has been dematerialized. The shares of the Company are infrequently traded.

Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity : NIL

xii. Plant Locations

DEEP DIAMOND INDIA LIMITED
Unit No. 6-B, Planet Ind. Estate, Subhash Road,
Vile Parle (East), Mumbai – 400 057. Maharashtra.

xiii. Address for Correspondence :

Registrar and Share Transfer Agents :
Mondkar Computers Pvt. Ltd.
21, Shakil Niwas, Mahakali Caves Road,
Opp. Saibaba Temple, Andheri (East),
Mumbai – 400 093.
Tel. : 283 66 620
Fax : 286 66 620
E-mail : mcplrt@bom7.vsnl.net.in

Compliance Officer :
Shri Prakash R. Solanki
Chairman & Executive Director
Office No. 202, Cosmos Court
Premises Co-operative Society Ltd.,
S. V. Road, Vile-Parle (West),
Mumbai – 400 056.
Tel. : 261 00 803
Fax : 261 74 321
E-mail : deepjwly@mtnl.net.in

13. CEO / CFO CERTIFICATION :

A certificate from the Managing Director of the company in terms of clause 49 (V) of the Listing agreement was placed before the Board at the Board meeting held on 30th June, 2009 to approve the audited annual accounts for the year ended 31st March, 2009.

14. DECLARATION :

As provided under clause 49 of the listing agreement with the Stock Exchange the Board members and the senior management personnel have affirmed compliance with the Code of Conduct for the Board of Directors and senior management for the year ended 31st March, 2009.

For and on behalf of the Board

Dated: 30th June, 2009
Place: Mumbai

DINESH R. SOLANKI
Managing Director

AUDITORS' REPORT

Auditor's Report to the Member of DEEP DIAMOND INDIA LIMITED.

1. We have audited the attached Balance Sheet of DEEP DIAMOND INDIA LIMITED, MUMBAI, as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement 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.
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 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.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statements on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to above, we report that:
 - (i) 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;
 - (ii) In our opinion, proper books of accounts as required by Law have been kept by the Company, so far as appears from our examination of the books;
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts of the Company;
 - (iv) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as Directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting policies and other Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2009; and
 - (ii) In the case of the Profit and Loss Account of the Profit for the year ended 31st March, 2009;
 - (iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

For **RAMPRASAD SHARMA & ASSOCIATES**

Chartered Accountants
DHANANJAY SHARMA
Partner

Dated: 30th June, 2009

Place: Mumbai



ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date on the accounts of the Deep Diamond (India) Limited for the year ended 31st March, 2009.

- 1) (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 at the end of the year. In our opinion, the frequency of verification is adequate and we are informed that no material discrepancies were noticed on such verification.
(c) In our opinion, according to information and explanation given to us, a substantial part of fixed assets has not been disposed off by the Company.
- 2) (a) The inventory has been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 3) (a) As per records no loans have been taken from Companies, firms or other listed in register maintained u/s 301 of the Companies Act, 1956.
(b) As per records no loans have been granted to Companies, firms or other companies listed in the register maintained u/s 301 of the Companies Act, 1956.
- 4) Our opinion and according to the information and explanation given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase 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 weakness in internal controls.
- 5) (a) According to the information and explanation given to us, we are of the opinion that the transaction that needed to be entered in to 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, no transaction were 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 Rs. 5,00,000/- (Rupees Five Lacs Only) in respect of any party during the year except for sale / purchase with related parties which have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) Our opinion and according to the information and explanation given to us, the Company has not accepted any deposits to which the provision of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 would apply.
- 7) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business, but requires effective implementation.
- 8) We are informed that the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- 9) (a) According to the information and explanation given to us, that the Company is regular in depositing with appropriate authorities undisputed statutory dues income

tax, sales tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. It has been informed that the provision of provident fund, employees state insurance is not applicable to the company.

- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs Duty, Excise Duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they become payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, service tax, wealth tax, sales tax, custom duty, excise duty, and cess which have not been deposited on account of any dispute.
- 10) In our opinion, the Company has no accumulated losses as at March 31, 2009. And the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11) According to the records of the Company examined by us and information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- 12) We are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- 13) The Company is not a chit fund and 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.
- 14) The Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- 15) The Company has not given any guarantees, for loans taken by others from banks and financial institutions during the year.
- 16) To the best of our knowledge and belief and according to the information given to us, in our opinion, term loans availed by the company were, prima facie applied by the company during the year for the purpose for which the loans were obtained, other than temporary deployment pending application.
- 17) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment. No funds have been used to finance short term assets.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act during the year.
- 19) According to the information and explanation given to us, during the period covered by our audit report, the Company has not issued debentures.
- 20) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed during the year, nor have we been informed of such case by the management.

For **RAMPRASAD SHARMA & ASSOCIATES**

Chartered Accountants

DHANANJAY SHARMA

Partner

Dated: 30th June, 2009

Place: Mumbai



DEEP DIAMOND INDIA LIMITED

C E R T I F I C A T E

To

**The Members,
DEEP DIAMOND INDIA LIMITED**

Office No. 202, Cosmos Court Premises Co-operative Society Ltd.,
S. V. Road, Vile-Parle (West), Mumbai – 400 056.

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Deep Diamond India Limited for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on Certification of Corporate Governance's issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that no grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **RAMPRASAD SHARMA & ASSOCIATES**
Chartered Accountants

DHANANJAY SHARMA
Partner

Dated: 30th June, 2009
Place: Mumbai

AUDITORS' CERTIFICATE

To,
**The Board of Directors,
Deep Diamond India Limited**

Dear Sirs,

We have examined the attached Cash Flow Statement of Deep Diamond India Limited for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with several Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 30th June, 2009 to the Members of the Company.

For **RAMPRASAD SHARMA & ASSOCIATES**
Chartered Accountants

DHANANJAY SHARMA
Partner

Place : Mumbai
Mumbai : 30th June, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SOURCES OF FUNDS :			
1. SHAREHOLDERS FUNDS :			
a) Share Capital	1	29932000	29924000
b) Reserves & Surplus	2	28094154	25951016
		<u>58026154</u>	<u>55875016</u>
2. LOAN FUNDS :			
a) Secured Loans	3	1792514	8271046
TOTAL		<u>59818668</u>	<u>64146062</u>
APPLICATIONS OF FUNDS :			
1. FIXED ASSETS :			
Gross Block	4	12841181	12837881
Less: Depreciation		4257940	3719055
Net Block		<u>8583241</u>	<u>9118826</u>
2. INVESTMENTS :	5	356250	262500
3. CURRENT ASSETS, LOANS & ADVANCES :			
a) Inventories	6	31379618	28008773
b) Sundry Debtors	7	18140201	26686079
c) Cash & Bank Balances	8	390425	489457
d) Loans & Advances	9	3709616	2922997
		<u>53619860</u>	<u>58107306</u>
Less: Current Liabilities & Provisions	10	2740683	3342570
Net Current Assets		<u>50879177</u>	<u>54764736</u>
TOTAL		<u>59818668</u>	<u>64146062</u>
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES ON ACCOUNTS	16		

As per our Report of even date
For **RAMPRASAD SHARMA & ASSOCIATES**
Chartered Accountants

PRAKASH R. SOLANKI
Chairman

DHANANJAY SHARMA
Partner
Mumbai : 30th June, 2009

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director

**DEEP DIAMOND INDIA LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
INCOME :			
Sales & Other Income	11	29658377	29529119
Variation in Stock	12	4295221	2729680
TOTAL		<u>33953598</u>	<u>32258799</u>
EXPENDITURE :			
Manufacturing & Other Expenses	13	29231757	30406641
Interest	14	1013897	1032579
Depreciation		546545	440034
TOTAL		<u>30792199</u>	<u>31879254</u>
Profit for the year		<u>3161399</u>	<u>379545</u>
Less: Loss on Sale of Fixed Assets		- 18540	- 68569
Less: Provision for Taxation - Current		- 920000	- 89000
- Deferred		- 79721	- 44195
Profit after Tax		2143138	177781
Less: Provisions of Tax of Previous Year written-back		—	—
Add: Balance Brought Forward		<u>25951016</u>	<u>25773235</u>
Balance Carried to Balance Sheet		<u>28094154</u>	<u>25951016</u>
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES ON ACCOUNTS	16		

As per our Report of even date

For **RAMPRASAD SHARMA & ASSOCIATES**
*Chartered Accountants***PRAKASH R. SOLANKI**
*Chairman***DHANANJAY SHARMA**
Partner
Mumbai : 30th June, 2009**DINESH SOLANKI**
*Managing Director***SANGEETA JAIN**
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE 1 : SHARE CAPITAL :		
Authorised Capital 40,00,000 Equity Shares of Rs. 10/- each	<u>4000000</u>	<u>4000000</u>
Issued, Subscribed & Paid-up Capital 27,86,400 Equity Shares of Rs. 10/- each fully paid-up (Previous Year 3200000)	27864000	32000000
Less: Calls-in-Arrears	0	2076000
Shares Forfeited Account	<u>2068000</u>	<u>—</u>
	<u>29932000</u>	<u>29924000</u>
SCHEDULE 2 : RESERVES & SURPLUS :		
Profit & Loss Account	<u>28094154</u>	<u>25951016</u>
	<u>28094154</u>	<u>25951016</u>
SCHEDULE 3 : SECURED LOANS :		
Working Capital Loan (From Rupee Co-op. Bank Ltd.) (Secured by : Joint hypothecation of Stocks and Book Debts, hypothecation of plant and machinery and personal guarantees of all Directors of the Company)	327565	4704358
Term Loan (From Rupee Co.Op Bank Ltd.) (Secured by : Mortgage of office premises at Vile Parle (W) Mumbai and personal guarantee of all Directors of the Company)	1464949	3566688
	<u>1792514</u>	<u>8271046</u>

SCHEDULE 4 : FIXED ASSETS :

Sr. Particulars No.	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As on 31.03.08	Addition	Deletion	As on 31.03.09	Up to 31.03.08	For the Year	Adjusted on Sale	Up to 31.03.09	As on 31.03.09	As on 31.03.08
1. Factory Building	6864370	—	—	6864370	699327	229270	—	928697	5935773	6165043
2. Plant & Machinery	2713856	—	—	2713856	1392684	128908	—	1621692	1192264	1321172
3. Dies	100000	—	—	100000	99999	—	—	99999	1	1
4. Electric Installations	124133	—	—	124133	66591	5896	—	72487	51646	57542
5. Air Conditioner	277170	—	—	277170	87004	13166	—	100170	177000	190166
6. Furniture & Fixtures	1528186	—	—	1528186	874445	96734	—	971179	557007	653741
7. Vehicles	449593	—	—	449593	120558	38239	—	158797	290796	329035
8. Computers	356150	24500	28700	351950	304248	13860	7660	310448	41502	51902
9. Office Equipments	424423	7500	—	431923	74199	20471	—	94670	337253	350224
TOTAL	12837881	32000	28700	12841181	3719055	546545	7660	4257940	8583241	9118826
Prev. Year	6877979	6109067	149165	12837881	3345617	440034	66596	3719055	9118826	3532362

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE 5 : INVESTMENTS :		
Long Term (Unquoted at Cost)		
11250 Shares of Rupee Co-op. Bank Ltd. @ Rs. 25/- each	281250	187500
Long Term (Quoted at Cost)		
7500 Shares of Shalibhadra Finance Ltd. @ Rs. 10/- each fully paid up	75000	75000
	<u>356250</u>	<u>262500</u>
Market Value of Quoted Investments	<u>67500</u>	<u>75000</u>
SCHEDULE 6 : INVENTORIES :		
(As Taken, Valued & Certified by the Management)		
Raw Materials (At Cost)	1620454	2544830
Stock in Process (At Cost)	10061032	5818427
Finished Goods (At Lower of Cost or Net Realisable Value)	19698132	19645516
	<u>31379618</u>	<u>28008773</u>
SCHEDULE 7 : SUNDRY DEBTORS :		
(Unsecured Considered Good)		
Over Six Months	9686958	19522413
Others	8453243	7163666
	<u>18140201</u>	<u>26686079</u>
SCHEDULE 8 : CASH & BANK BALANCES :		
Cash on Hand (As per Books & Certified)	310819	436714
Balance with Schedule Banks : In Current Accounts	79606	52743
	<u>390425</u>	<u>489457</u>
SCHEDULE 9 : LOANS & ADVANCES :		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	137816	273697
Advance Tax	3207000	2288000
Deposits	364800	361300
	<u>3709616</u>	<u>2922997</u>
SCHEDULE 10 : CURRENT LIABILITIES & PROVISIONS :		
CURRENT LIABILITIES :		
Sundry Creditors	219314	1820509
T.D.S. Payable	5095	5508
	<u>224409</u>	<u>1826017</u>
PROVISIONS :		
For Taxation	2258000	1338000
For Deferred Tax	258274	178553
	<u>2516274</u>	<u>1516553</u>
	<u>2740683</u>	<u>3342570</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE 11 : SALES & OTHER INCOME :		
SALES :		
Sales - Manufacturing	29591209	29464618
Sales - Trading	<u>60645</u>	<u>20020</u>
	<u>29651854</u>	<u>29484638</u>
OTHER INCOME :		
Dividend	5250	5250
Miscellaneous Income	<u>1273</u>	<u>39231</u>
	<u>6523</u>	<u>44481</u>
	<u>29658377</u>	<u>29529119</u>
SCHEDULE 12 : VARIATION IN STOCK :		
Closing Stock :		
Finished Goods	19698132	19645516
Stock in Process	<u>10061032</u>	<u>5818427</u>
	<u>29759164</u>	<u>25463943</u>
Less: Opening Stock :		
Finished Goods	19645516	17194726
Stock in Process	<u>5818427</u>	<u>5539537</u>
	<u>25463943</u>	<u>22734263</u>
	<u>4295221</u>	<u>2729680</u>
SCHEDULE 13 : MANUFACTURING & OTHER EXPENSES :		
MATERIAL COST :		
Opening Stock	2544830	1494924
Add: Purchases	<u>23014830</u>	<u>27296254</u>
	25559660	28791178
Less: Closing Stock	<u>1620454</u>	<u>2544830</u>
Raw Material Consumed	<u>23939206</u>	<u>26246348</u>
TRADING PURCHASES FOR SALES :	<u>36707</u>	<u>17745</u>
MANUFACTURING EXPENSES :		
Stores & Spare Parts Consumed	40346	54102
Power & Fuel	260048	250785
Repair & Maintenance	<u>10272</u>	<u>19218</u>
	<u>310666</u>	<u>324105</u>
PERSONNEL :		
Wages, Labour Charges, Salaries & Bonus	2303700	1372812
Workmen & Staff Welfare Expenses	70639	74992
Director's Remuneration	<u>720000</u>	<u>720000</u>
	<u>3094339</u>	<u>2167804</u>



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
OVERHEAD & ADMINISTRATIVE EXPENSES :		
Assaying and Hallmarking Charges	80228	131603
Office Rent & Maintenance	206508	216451
Shop Rent	0	90000
Telephone & Telex Charges	114632	110074
Travelling & Conveyance Expenses	227060	170421
Printing & Stationery	42401	22846
Bank Charges	18736	59669
Electricity Expenses	72700	104810
Advertisement	119543	83238
Labour Charges (office)	171000	0
Legal & Professional Charges	138250	92598
Miscellaneous Expenses	118727	44726
Auditors' Remuneration	22060	22472
Insurance Charges	106214	103298
Listing Charges	42247	41295
Share Transfer Fees	43220	34291
Vehicle Expenses	18339	29473
Sales Tax Paid	31800	0
Repairs & Maintenance	28766	53374
Packing Material	8408	0
Factory Rent	240000	240000
Bad Debts	0	0
	<u>1850839</u>	<u>1650639</u>
	<u>29231757</u>	<u>30406641</u>
SCHEDULE 14 : INTEREST :		
Interest Paid		
On Cash Credit and Term Loan	<u>1025337</u>	<u>1032579</u>
	1025337	1032579
Less: Interest Received :		
On calls in arrears	<u>11440</u>	<u>0</u>
On Income Tax Refund	<u>0</u>	<u>0</u>
	<u>1013897</u>	<u>1032579</u>

SCHEDULE 15 : SIGNIFICANT ACCOUNTING POLICIES :

1. **Basis of preparation of Financial Statements :**
 - a) The financial statements have been prepared under the historical cost convention in accordance with and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - b) The Company generally follows mercantile system of accounting and recognises significant items of Income and Expenditure on accrual basis.
 - c) Accounting Policies not specifically referred to are consistent with generally accepted accounting Practices.
2. **Fixed Assets and Depreciation :**
 - a) Fixed Assets are stated at cost less accumulated depreciation. The cost is inclusive of all direct incidental expenses related to acquisition.
 - b) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

3. **Investments** : Long term investments and unquoted current investments are stated at cost. Temporary diminution in the value of long term investments is not recognised.
4. **Inventories** : Inventories of Raw Materials are valued at cost. Finished Goods are valued at lower of cost or net realisable value. Stock in Process is valued at approximate cost.
5. **Sales** : Sales includes Labour Charges.
6. **Retirement Benefits** : There is no employee eligible for retirement benefits.
7. **Income Tax** : Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of being reversed in subsequent periods are recognised using tax rates and tax laws, which have been enacted or substantively enacted.
8. **Impairment of Assets** : As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine :
 - (a) the provision for impairment loss, if any, required; or
 - (b) the reversal, if any, required of impairment loss recognised in the previous periods. Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount Recoverable amount is determined :
 - (a) in the case of an individual asset, at the higher of the net selling price and the value in use;
 - (b) in case of a cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's net selling price and the value in use.

SCHEDULE 16 : NOTES ON ACCOUNTS :

		2008-2009	2007-2008
		Rs.	Rs.
1.	Auditors Remuneration :		
	Audit Fees	19854	20225
	Tax Audit Fees	2206	2247
		<u>22060</u>	<u>22472</u>
2.	Managerial Remuneration :		
	Managing Director	360000	360000
	Executive Directors	360000	360000
		<u>720000</u>	<u>720000</u>
3.	Licensed & Installed Capacity and Actual Production :		
	Licensed Capacity	Not Applicable	Not Applicable
	Installed Capacity	Not Available	Not Available
	Actual Production :		
	Diamond Studded Gold Jewellery	Gms. 6051.298	9398.400
4.	Particulars of Opening Stock, Turnover & Closing Stock (Manufactured Goods) :		
		2008-2009	2007-2008
	Unit	Qty.	Rs.
			Qty.
			Rs.
	Gold Jewellery set with Diamonds :		
	Opening Stock (Manufacturing)	Gms 7510.240	19015665
	Opening Stock (Trading)	Gms 461.703	629851
	Turnover	Gms 11915.242	29591209
	Closing Stock (Manufacturing)	Gms 6485.246	19068281
	Closing Stock (Trading)	Gms 461.703	629851
	Closing Stock (Finished Goods)	Gms 6946.949	19698132
			7971.943
			19645516



DEEP DIAMOND INDIA LIMITED

5. (A) Raw Materials Consumed :					
Polished Diamonds	Cts	483.530	12345667	991.570	19659769
Gold 24kt	Gms	9215.590	11569321	6633.770	6274915
Alloy	Gms	3283.136	22479	2209.150	13634
Gold 18kt	Gms			385.550	298030
Total			23937467		26246348

(B) Raw Material Consumed for goods manufactured on Labour Job basis :

Polished Diamonds	Cts				
Gold	Gms				
Alloy	Gms	275.944	1739		
Total			1739		0

Grand Total			23939206		26246348
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(C) Trading Goods Purchases during the year :

Gold Jewellery	Gms	0.000	0	0.000	0
Diamonds	Cts	1.770	36707	0.000	0
Grand Total			36707		0

6. Consumption Percentage of Raw Materials, Stores and Spares :

		2008-2009		2007-2008	
		Rs.	%	Rs.	%
(i)	Raw Materials :				
	Imported	NIL	NIL	NIL	NIL
	Indigenous	23939206	100	26246348	100
(ii)	Stores and Spares :				
	Imported	NIL	NIL	NIL	NIL
	Indigenous	40346	100	54102	100

7. CIF Value of Imports :

Capital Goods	NIL	NIL
Components, Spares and Others	NIL	NIL

8. Earnings & Expenditure in Foreign Currency : **NIL** **NIL**

9. The accounts of certain Sundry Debtors, Sundry Creditors, Advances and Lenders are subject to confirmation / reconciliations and adjustments, if any. The Management does not expect any material difference affecting the current year's financial statements.

10. Provision for Taxation for the current year has been made taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.

11. Travelling Expenses includes Director Travelling Expenses **Rs. 1,95,812/-** (Previous Year **Rs. 1,39,076/-**).

12. In the opinion of the Board, Current Assets, Loans and Advances (including Capital Advances) have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated.

13. Dues to small-scale industrial undertakings and dues to micro enterprises and small enterprises :
- As at March 31, 2009, the Company has no outstanding dues to micro enterprises and small enterprises / small-scale industrial undertaking
- As at March 31, 2008, the Company had no outstanding dues to micro enterprises and small-scale industrial undertaking.
14. Deferred tax liability (net) at the year end comprises timing differences on account of Depreciation Rs. 79,721/- for the Current year and Rs. 44,195/- for the Previous Year.
15. RELATED PARTY DISCLOSURE :
- A. NAMES OF THE RELATED PARTIES AND NATURE OF THE RELATIONSHIP :
- (i) Other Related Parties : NIL
- (ii) Key Management Personnel :
- (a) Mr. Prakash R. Solanki - Chairman (b) Mr. Dinesh R. Solanki - Managing Director
- B. TRANSACTIONS WITH ASSOCIATE FIRMS : Amount in Rs.
- Sale of Goods Nil
- C. TRANSACTIONS RELATING TO PERSONS AND THEIR RELATIVES MENTIONED IN 'A' ABOVE : Amount in Rs.
- Remuneration to Director 720000
16. As the Company is engaged in only one segment viz. Jewellery of Gold and Diamond Studded, there are no reportable segments as per Accounting Standards (AS 17).
17. Earnings Per Share as computed in accordance with Accounting Standard 20 :
- | | 2008-2009
Rs. | 2007-2008
Rs. |
|---|------------------|------------------|
| (i) Net Profit After Tax | 2143138 | 177781 |
| (ii) Number of Equity Shares of Rs. 10/- each (partly paid shares considered proportionately) | 2786400 | 3200000 |
| (iii) Basic and Diluted Earnings Per Share (Rs.) | 0.77 | 0.06 |
| (iv) Basic and Diluted Earnings Per Share (Rs.) (excluding extraordinary items) | 0.77 | 0.06 |
18. Previous year's figures have been reworked, regrouped and rearranged wherever necessary.

Signature to Schedules "1 to 16"

As per our Report of even date attached
For **RAMPRASAD SHARMA & ASSOCIATES**
Chartered Accountants

PRAKASH R. SOLANKI
Chairman

DHANANJAY SHARMA
Partner

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director

Mumbai : 30th June, 2009



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details			
Registration No. :	82609	State Code :	11
Balance Sheet Date:	31-03-2009		
II. Capital raised during the year (Amount in Rs.) :			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs.) :			
Total Liabilities	59818668	Total Assets	59818668
Sources of Funds :			
Paid-up Capital	29932000	Reserves & Surplus	28094154
Secured Loans	1792514	Unsecured Loans	NIL
Application of Funds :			
Net Fixed Assets	8583241	Investments	356250
Net Current Assets	50879177	Misc. Expenditure	0
Accumulated Losses	NIL		
IV. Performance of Company (Amount in Rs.) :			
Turnover	29651854	Total Expenditure	26508995
Profit Before Tax	3142859	Profit After Tax	2143138
Earning Per Share in Rs.	0.77	Dividend %	NIL
V. Generic Names of Three Principal Products of Company :			
Item Code No. (ITC Code) :	711319-02		
Product Description :	Jewellery of Gold set with Diamonds		
Item Code No. (ITC Code) :	711319-03		
Product Description :	Jewellery		

For and on behalf of the Board

PRAKASH R. SOLANKI
Chairman

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director

Mumbai : 30th June, 2009

CASH FLOW STATEMENT FOR THE PERIOD APRIL 2008 TO MARCH 2009

	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before Tax		3142859		310976
Adjustments for :				
Depreciation	546545		440034	
Interest Expenses	1025337		1032579	
Loss on Sale of Fixed Assets	18540		68569	
Interest / Dividend Income	<u>- 17963</u>	<u>1572459</u>	<u>- 44481</u>	<u>1496701</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		4715317		1807677
Adjustments for :				
Trade and Other Receivables	8545878		2232609	
Inventories	- 3370845		- 3779586	
Loans & Advances	- 786619		- 683620	
Trade Payables	<u>- 601887</u>	<u>3786527</u>	<u>1785146</u>	<u>- 445451</u>
Cash Generated from Operations		8501844		1362225
Interest Expenses		- 1025337		- 1032579
Income Tax / Refund (Net)		<u>- 999721</u>		<u>- 133195</u>
NET CASH FROM OPERATIONS		6476786		196451
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchases & Sale of Fixed Assets	- 29500		- 6095067	
Purchase of Investments	- 93750		0	
Interest / Dividend Income	<u>17963</u>		<u>44481</u>	
NET CASH USED IN INVESTING ACTIVITIES		<u>- 105287</u>		<u>- 6050586</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Term Loan	- 2101739		3566688	
Proceeds from Short Term Borrowings	- 4376793		2590228	
Calls in Arrears recovered	<u>8000</u>		<u>0</u>	
NET CASH FROM FINANCING ACTIVITIES		<u>- 6470532</u>		<u>6156916</u>
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		- 99033		302781
CASH AND CASH EQUIVALENTS OPENING BALANCE		489456		186675
CASH AND CASH EQUIVALENTS CLOSING BALANCE		<u>390423</u>		<u>489456</u>

For and on behalf of the Board

DINESH SOLANKI
Managing Director

Mumbai : 30th June 2009



DEEP DIAMOND INDIA LIMITED



DEEP DIAMOND INDIA LIMITED

Registered Office : 202, Cosmos Court, S. V. Road, Vile Parle (W), Mumbai – 400 056.

ATTENDANCE SLIP

AGM - 30-09-2009

Registered Folio No. _____ No. of Shares _____

I certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the FIFTEENTH ANNUAL GENERAL MEETING of the Company at The Silk Merchants' Association, Dahanukar Bldg., 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002 at 11:30 a.m. on Wednesday, the 30th September, 2009.

Member's / Proxy's Signature :

Note : Please fill in the Attendance Slip and hand it over at the Entrance of the Meeting Hall.

----- TEAR HEAR -----



DEEP DIAMOND INDIA LIMITED

Registered Office: 202, Cosmos Court, S. V. Road, Vile Parle (W), Mumbai – 400 056.

PROXY FORM

Registered Folio No. _____ No. of Shares _____

I / We _____

of _____ in the district of _____

hereby appoint _____ of _____

in the district of _____

or failing him / her _____ of _____

in the district of _____

as my / our proxy to vote for me / us on my / our behalf at the FIFTEENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 30th September, 2009 at 11:30 a.m. at The Silk Merchants' Association, Dahanukar Bldg., 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002 and at any adjournment thereof.

Signed this _____ day of _____ 2009

Signature _____



Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

BOOK-POST
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U.P.C.

TO :

If undelivered, please return to :



DEEP DIAMOND INDIA LIMITED

Office No. 202, Cosmos Court Premises
Co-operative Society Ltd., S.V. Road,
Vile Parle (W),
Mumbai – 400 056.

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