



Deep Diamond India Limited

16th

Annual Report

2009-2010

BOARD OF DIRECTORS

Mr. Prakash R. Solanki
Chairman

Mr. Dinesh R. Solanki
Managing Director

Mr. Manoj V. Jain
Director

Mr. Ramesh V. Patel
Director (Upto 12th August 2010)

Mr. Rajan Agarwal
Director (W.E.F. 12th August 2010)

Mrs. Sangeeta R. Jain
Director



STATUTORY AUDITORS

M/s. Ramprasad Sharma & Associates
Chartered Accountants
325, Madhu Mansion, 4th Floor,
Kalbadevi Road, Mumbai - 400002.

BANKERS

Rupee Co-operative Bank Limited
Bank of Baroda

REGISTERED OFFICE

Office No. 202, Cosmos Court Premises
Co-operative Society Ltd., S. V. Road,
Vile Parle (W), Mumbai- 400056.

FACTORY

Unit No. 6B, Planet Industrial Estate,
Subhash Road, Vile Parle (E),
Mumbai - 400057. Maharashtra.

REGISTRARS & SHARE TRANSFER AGENT

Mondkar Computers Private Limited.
21, Shakil niwas, Mahakali Caves Road,
Opp. Saibaba Temple, Andheri (East),
Mumbai - 400093.

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NOTICE

Notice is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the members of **Deep Diamond India Limited** will be held on Thursday, September 30, 2010 at 11.00 a.m. at The Silk Merchants' Association, Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai-400002 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 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 Smt. Sangeeta Jain who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To appoint Director in place of Shri Rajan Agarwal, who was appointed as an Additional Director of the Company with effect from August 12, 2010, by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid up share capital of the Company and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rupees Ten Crores only at any point of time exclusive of interest."

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

"RESOLVED THAT the consent of the Company, be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to mortgage and/ or charge and/ or hypothecate, on such terms and conditions and at such time or times, and in such form or manner, as it may think fit, the whole or substantially the whole of any one or more of the undertakings of the Company including the present and/ or future properties whether movable or

immovable, comprised in any existing undertaking or undertakings of the Company, as the case may be for the purpose of securing financial assistance not exceeding Rupees Ten Crores only at any point of time by way of any of the following namely Term Loans in Indian Rupees and Foreign Currency, Export Credit, Equipment Credit Scheme, Leasing Credit Facilities or other facilities from the Financial Institutions and/ or Bankers and/ or any other parties together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other moneys payable by the Company to the respective Financial Institutions and/ or Bankers and/ or other parties in terms of their respective Loan Agreements/Deeds of Agreements/ Hypothecation Agreements/ Letters of Sanction/Memorandum of terms and conditions entered into or to be entered into by the Company in respect of the said financial assistance, such security to rank pari passu with or second or subservient to the mortgages and/ or charges and/ or hypothecation already created or to be created in future by the Company or in such other manner as may be agreed to between the concerned parties and as may be thought expedient by the Board of Directors.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the Company hereby approves the reappointment of Shri Prakash R. Solanki as Executive Director of the Company for a further period of five years with effect from May 01, 2010 on the terms and conditions including the terms as to remuneration approved by the remuneration committee and set out in the explanatory statement which statement be and it is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed between the Board and Shri Prakash R. Solanki.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri Prakash R. Solanki’s term of office as Executive Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution”.

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the Company hereby approves the reappointment of Shri Dinesh R. Solanki as Managing Director of the Company for a further period of five years with effect from January 1, 2010 upon the terms and conditions including the terms as to remuneration approved by the remuneration committee and set out in the explanatory statement which statement be and is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary or modify the terms and conditions of the said appointment and not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board and Shri Dinesh R. Solanki.



Deep Diamond India Limited

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri Dinesh R. Solanki's term of office as Managing Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

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 relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at item Nos. 4 to 6 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 23, 2010 to Thursday, September 30, 2010 (both days inclusive).
5. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
6. 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.
7. 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- 400056.

By Order of the Board

Prakash R. Solanki
Executive Director

Dated: 12th August, 2010

ANNEXURE TO NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 4 :

Shri Rajan Agarwal was appointed as an Additional Director of the Company by the Board of Directors effective from 12th August, 2010. By virtue of Section 260 of the Companies Act, 1956, Shri Rajan Agarwal will hold office upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member of the company proposing his candidature for the office of Director.

The Board commends your approval to the said appointment.

None of the Directors of the company except Shri Rajan Agarwal is concerned or interested in the resolution for his appointment as Director of the Company.

Item No. 5:

The Company may have to borrow funds from banks and financial institutions and other parties in excess of the paid-up capital and free reserves of the Company.

It is therefore proposed to authorise the Board of Directors to borrow in excess of the paid-up capital and free reserves of the Company subject to a maximum of Rupees Ten Crores only.

An Ordinary resolution under Section 293(1)(d) of the Companies Act, 1956 is therefore proposed for approval by the members.

The Board commends your approval of the said resolution.

None of the Directors of the Company is interested in the said resolution.

Item No. 6:

The borrowings from the Banks, financial institutions or other parties might be secured by mortgaging or charging the moveable and/or immovable assets of the Company.

An ordinary resolution under Section 293(1)(a) of the Companies Act, 1956 is therefore proposed for approval by the Shareholders.

The Board commends your approval of the said resolution.

None of the Directors of the Company is interested in the said resolution.

Item No. 7:

The Board of Directors of the Company at its meeting held on April 30, 2010 had reappointed Shri Prakash R. Solanki as Executive Director of the Company for a further period of five years with effect from May 1, 2010 on the terms and conditions including the terms as to remuneration approved by the remuneration committee. The re-appointment of Shri Prakash R. Solanki and the remuneration payable to him on his re-appointment is subject to the approval of the Members of the Company.

The terms of his appointment as Executive Director are as under:

1. Appointment of Shri Prakash R. Solanki as Executive Director of the Company for a period of five years with effect from May 1, 2010



2. Remuneration:

- a) Salary : Rs. 30,000/-per month subject to the ceiling limit of upto Rs. 1,00,000/- per month as may be decided by the Board of Directors.
- b) Perquisites :In addition to the aforesaid Salary, the Executive Director shall be entitled to the following perquisites:
 - i) Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance.
 - ii) Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
 - iii) Fees of clubs/annual membership fees for professional bodies.The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.
- c) The Executive Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :
 - i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
 - ii. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - iii. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Executive Director shall be entitled to encash leave at the end of his tenure as Executive Director.
 - iv. Provision for Car and Telephone at the residence of the Executive Director shall not be treated as perquisites.

Where in any financial year during the currency of the tenure of the Executive Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Executive Director, the above Salary and perquisites not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

The Board commends the approval by the members to the reappointment of Executive Director and payment of remuneration to him.

Shri Prakash R. Solanki and Shri Dinesh R. Solanki are concerned or interested in the said Resolution at item no. 7 of the accompanying notice.

Item No 8:

The Board of Directors of the Company at its meeting held on December 31, 2009 reappointed Shri Dinesh R. Solanki as Managing Director of the Company for further period of Five years with effect from January 1, 2010 on the terms and conditions including the terms as to remuneration approved by the remuneration committee. The re-appointment of Shri Dinesh R. Solanki and the remuneration payable to him on his re-appointment is subject to the approval of the Members of the Company.

The terms of his appointment as Managing Director are as under:

1. Appointment of Shri Dinesh R. Solanki as Managing Director of the Company for a period of five years with effect from January 1, 2010

2. Remuneration:

- a) Salary : Rs. 30,000/-per month subject to the ceiling limit of upto Rs. 1,00,000/- per month as may be decided by the Board of Directors.
- b) Perquisites: In addition to the aforesaid Salary, the Managing Director shall be entitled to the following perquisites:
 - i) Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance.
 - ii) Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
 - iii) Fees of clubs/annual membership fees for professional bodies.The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.
- c) The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
 - i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
 - ii. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - iii. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Managing Director shall be entitled to encash leave at the end of his tenure as Managing Director.
 - iv. Provision for Car and Telephone at the residence of the Managing Director shall not be treated as perquisites.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

The Board commends the approval by the members to the reappointment of Managing Director and payment of remuneration to him.

Shri Dinesh R. Solanki and Shri Prakash R. Solanki are concerned or interested in the said Resolution at item no. 8 of the accompanying notice.

Registered Office:

Office No. 202,
Cosmos Court Premises
Co-operative Society Ltd.
S.V.Road, Vile Parle (W),
Mumbai- 400056.

By Order of the Board

Prakash R. Solanki
Executive Director

Dated: 12th August, 2010



DIRECTORS' REPORT

To,
The Members

The Directors have pleasure in presenting the Sixteenth Annual Report together with the Statement of Accounts for the year ended March 31, 2010 :

FINANCIAL RESULTS:	2009-10 (Rs.)	2008-09 (Rs.)
Sales & Other income	29608635	29658377
Profit before Interest and Depreciation	4289727	4721841
Less : Interest	543696	1013897
Profit before Depreciation	3746031	3707944
Less : Depreciation	547776	546545
Profit before Taxation	3198255	3161399
Less : Loss on sale of Fixed Assets	—	(18540)
Less : Provision for Taxation : Current	(909240)	(920000)
Deferred	(55550)	(79721)
Profit after Tax	2233465	2143138
Add : Balance profit brought forward from previous year	28094154	25951016
Profit/(loss) carried to Balance sheet	30327619	28094154

OPERATIONS:

The Company's business comprised of Domestic Operations only and the increase in Profitability is due to decrease in expenses. It is expected to have 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 Exchange 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, Ahemdabad, Delhi, Calcutta And Bangalore Stock Exchanges. The company has paid the Annual Listing Fees to the Stock Exchanges for the year 2010-2011.

DIRECTORS:

Shri Rajan Agarwal has been appointed as an Additional Director by the Board on 12th August, 2010. He holds office upto the date of this Annual General Meeting and is eligible for appointment.

Smt. Sangeeta Jain would retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Shri Prakash R. Solanki was reappointed as Executive Director for a further period of five years with effect from May 01, 2010 and Shri Dinesh R. Solanki was reappointed as the Managing Director of the Company for a period of five years with effect from January 1, 2010. The said re-appointments are subject to the confirmation of the members of the Company. Your directors recommend your approval to the reappointment of Shri Prakash R. Solanki and Shri Dinesh R. Solanki as Executive Director and Managing Director respectively and payment of remuneration to them as proposed in the notice of the ensuing Annual General Meeting.

Shri Ramesh Kumar Patel resigned as director of the company with effect from 12th August, 2010. The Board places on record its appreciation for the valuable service and guidance given by him during the tenure of his directorship with the Company.

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 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 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:

Report on Corporate Governance pursuant to clause 49 is not applicable to the company, as the company's paid-up Capital is less than Rs. 3 Crores.

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, 2010 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

Prakash R. Solanki
Chairman

Mumbai
Date : 12th August, 2010

Company No: L51343MH1994PLC082609

Nominal Capital Rs. 4,00,00,000/-

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, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained 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 6 (Six) times on 30.04.2009, 30.06.2009, 31.07.2009, 31.10.2009, 31.12.2009 and 30.01.2010 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 2009 to 30th September 2009 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, 2009 was held on 30.09.2009 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 has made necessary entries in the register maintained under section 301 of the Act.



11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or approval of the Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment/transfer/transmission of securities during the financial year.
(ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
(iii) 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.
(iv) The Company has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The appointment of Managing Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures 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 amount borrowed by the Company from banks during the financial year ending 31st March, 2010 is within the borrowing limits of the company.
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 : 12th August, 2010

For **Shalini Hegde & Associates**
Signature : Sd/-
Name of Company Secretary : Shalini Bhat
C. P. No. : 6994

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
2. Register of Directors' Attendance

Place : Mumbai
Date : 12th August, 2010

For **Shalini Hegde & Associates**
Signature : Sd/-
Name of Company Secretary : Shalini Bhat
C. P. No. : 6994



Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on March 31, 2010.

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 additional fee paid. Yes/No
1.	Form 66 alongwith Compliance Certificate for the year ended 31.03.2009	383A	Financial Year 2008-2009	07.10.2009	Yes	N.A.
2.	Form 23AC & 23ACA alongwith the Annual Report as on 31.03.2009	220	Adopted at the Annual General Meeting held on 30.09.2009	20.10.2009	Yes	N.A.
3.	Form 20B along with Annual Return made upto 30.09.2009	159	Annual General Meeting held on 30.09.2009	24.10.2009	Yes	N.A.
4.	Form 25C	269	Re-appointment of Shri Dinesh Solanki as Managing Director w.e.f. 01.01.2010	21.01.2010	Yes	N.A.
5.	Form 32	303(2)	Re-appointment of Shri Dinesh Solanki as Managing Director w.e.f. 01.01.2010	21.01.2010	Yes	N.A.
6.	Form 23	192	Re-appointment of Shri Dinesh Solanki as Managing Director w.e.f. 01.01.2010	06.02.2010	No	Yes

Place : Mumbai
Date : 12th August, 2010

For **Shalini Hegde & Associates**
Signature : Sd/-
Name of Company Secretary : Shalini Bhat
C. P. No. : 6994

AUDITORS' REPORT

Auditor's Report to the Members of DEEP DIAMOND INDIA LIMITED

1. We have audited the attached Balance Sheet of DEEP DIAMOND INDIA LIMITED, MUMBAI, as at 31st March, 2010 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 enclose in the Annexure hereto a Statements on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 those books;
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of accounts;
 - (iv) In our opinion the Balance Sheet and the Profit and Loss Account 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 31st, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31st, 2010 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 Notes thereon, & attached thereto, give the information required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2010; and
 - b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended 31st March, 2010;
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

FOR RAMPRASAD SHARMA & ASSOCIATES

Chartered Accountants

(Firm No 112430W)

DHANANJAY SHARMA

Partner

(Membership No : 039832)

Place : Mumbai

Dated : 26th May, 2010



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, 2010.

- 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 during 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, 2010 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, 2010. 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 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, securities, 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

(Firm No 112430W)

DHANANJAY SHARMA

Partner

(Membership No : 039832)

Place : Mumbai

Dated : 26th May, 2010



Deep Diamond India Limited

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, 2010. 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 and Loss Account and Balance Sheet of the Company covered by our report of 26th May, 2010 to the Members of the Company.

For **RAMPRASAD SHARMA & ASSOCIATES**
Chartered Accountants
Firm No. : 112430W

DHANANJAY SHARMA
Partner
Membership No.: 039832

Mumbai : 26th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	1	29932000	29932000
b) Reserve & Surplus	2	30327619	28094154
		<u>60259619</u>	<u>58026154</u>
2. LOAN FUNDS			
a) Secured Loans	3	1893112	1792514
TOTAL		<u>62152731</u>	<u>59818668</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS	4		
Gross Block		12884081	12841181
Less: Depreciation		4805715	4257940
Net Block		<u>8078366</u>	<u>8583241</u>
2. INVESTMENTS	5	356250	356250
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	6	33996454	31379618
b) Sundry Debtors	7	18351471	18140201
c) Cash & Bank Balance	8	759910	390425
d) Loans & Advances	9	3659059	3709616
		<u>56766894</u>	<u>53619860</u>
Less: Current Liabilities and Provisions	10	3048779	2740683
Net Current Assets		<u>53718115</u>	<u>50879177</u>
TOTAL		<u>62152731</u>	<u>59818668</u>
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES ON ACCOUNTS	16		

As per our Report of even date

For **RAMPRASAD SHARMA & ASSOCIATES**
Chartered Accountants
Firm No. : 112430W

PRAKASH SOLANKI
Chairman

DHANANJAY SHARMA
Partner
Membership No.: 039832
Mumbai : 26th May, 2010

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director



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

	SCHEDULE	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
INCOME :			
Sales & Other Income	11	29608635	29658377
Variation in Stock	12	-1005585	4295221
TOTAL		28603050	33953598
EXPENDITURE :			
Manufacturing & other Expenses	13	24313323	29231757
Interest	14	543696	1013897
Depreciation		547776	546545
TOTAL		25404795	30792199
Profit for the year		3198255	3161399
Less : Loss on Sale of Fixed Assets		0	-18540
Less : Provision for Taxation -- Current		- 909240	-920000
- Deferred		- 55550	-79721
Profit after Tax		2233465	2143138
Less: Provisions of Tax of Previous Year return- back		—	—
Add: Balance Brought forward		28094154	25951016
Balance carried to Balance Sheet		30327619	28094154
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES ON ACCOUNTS	16		

As per our Report of even date

For **RAMPRASAD SHARMA & ASSOCIATES**
Chartered Accountants
Firm No. : 112430W

PRAKASH SOLANKI
Chairman

DHANANJAY SHARMA
Partner
Membership No.: 039832
Mumbai : 26th May, 2010

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<u>SCHEDULE 1 : SHARE CAPITAL</u>		
Authorised Capital 40,00,000 Equity Shares of Rs. 10/- each	<u>40000000</u>	<u>40000000</u>
Issued, Subscribed & Paid -up Capital 27,86,400 Equity Shares of Rs. 10/- each fully paid-up (Previous Year 2786400)	<u>27864000</u>	<u>27864000</u>
Less : Calls-in-Arrears	<u>0</u>	<u>0</u>
Shares Forfeited Account	<u>2068000</u>	<u>2068000</u>
	<u>29932000</u>	<u>29932000</u>
<u>SCHEDULE 2 : RESERVES & SURPLUS</u>		
Profit and Loss Account	<u>30327619</u>	<u>28094154</u>
	<u>30327619</u>	<u>28094154</u>
<u>SCHEDULE 3 : SECURED LOANS</u>		
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)	<u>1893112</u>	<u>327565</u>
Term Loan (From Rupee Co.Op. Bank Ltd.) (Secured by : Mortgage of office premises at Vile Parle (W), Mumbai and personal guarantees of all Directors of the Company)	<u>0</u>	<u>1464949</u>
	<u>1893112</u>	<u>1792514</u>

SCHEDULE 4 : FIXED ASSETS



Deep Diamond India Limited

Sr. Particulars No.	Gross Block			Depreciation					Net Block	
	As on 31.03.2009	Addition	Deletion	As on 31.03.2010	Up to 31.03.2009	For the Year	Adjusted on Sale	Up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
1. Building	6864370	---	---	6864370	928597	229270	---	1157867	5706503	5935773
2. Plant & Machinery	2713856	---	---	2713856	1521592	128908	---	1650500	1063356	1192264
3. Dies	100000	---	---	100000	99999	0	---	99999	1	1
4. Electric Installation	124133	---	---	124133	72487	5896	---	78383	45750	51646
5. Air conditioner	277170	---	---	277170	100170	13166	---	113336	163834	177000
6. Furniture & Fixtures	1528186	---	---	1528186	971179	96734	---	1067913	460273	557007
7. Vehicles	449593	---	---	449593	158797	38948	---	197745	251848	290796
8. Computers	351950	34500	---	386450	310448	13974	---	324422	62028	41502
9. Office Equipments	431923	8400	---	440323	94670	20881	---	115551	324772	337253
Total	12841181	42900	0	12884081	4257939	547776	0	4805715	8078366	8583242
Previous Year	12837881	32000	28700	12841181	3719055	546545	7660	4257940	8583241	9118826

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<u>SCHEDULE 5 : INVESTMENTS</u>		
Long Term (Unquoted at Cost)		
11250 Shares of Rupee Co.op. Bank Ltd @ Rs. 25/- each	281250	281250
Long Term (Quoted at Cost)		
7500 Shares of Shalibhadra Finance Ltd @ 10/- each fully paid up	75000	75000
	<u>356250</u>	<u>356250</u>
Market value of Quoted Investments	<u>226500</u>	<u>67500</u>
<u>SCHEDULE 6 : INVENTORIES</u>		
(As Taken, Valued & Certified by the Management)		
Raw Materials (At Cost)	5242875	1620454
Stock in Process (At Cost)	13005252	10061032
Finished Goods (At Lower of Cost or Net Realisable Value)	15748327	19698132
	<u>33996454</u>	<u>31379618</u>
<u>SCHEDULE 7 : SUNDRY DEBTORS</u>		
(Unsecured Considered Good)		
Over Six Months	10467803	9686958
Others	7883668	8453243
	<u>18351471</u>	<u>18140201</u>
<u>SCHEDULE 8 : CASH AND BANK BALANCE</u>		
Cash on hand (As per Books & Certified)	650301	310819
Balance with Schedule Banks :		
In Current Accounts	109609	79606
	<u>759910</u>	<u>390425</u>
<u>SCHEDULE 9 : LOANS AND ADVANCES</u>		
(Unsecured , Considered Good)		
Advances recoverable in cash or in Kind or for value to be received	187259	137816
Advance Tax	3207000	3207000
Deposits	264800	364800
	<u>3659059</u>	<u>3709616</u>
<u>SCHEDULE 10 : CURRENT LIABILITIES AND PROVISIONS</u>		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors	163741	219314
T.D.S. Payable	5214	5095
	<u>168955</u>	<u>224409</u>
<u>PROVISIONS</u>		
For Taxation	2566000	2258000
For Deferred Tax	313824	258274
	<u>2879824</u>	<u>2516274</u>
	<u>3048779</u>	<u>2740683</u>



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<u>SCHEDULE 11 : SALES & OTHER INCOME</u>		
SALES		
Sales -Manufacturing	27732620	29591209
Sales -Trading	<u>1870765</u>	<u>60645</u>
	<u>29603385</u>	<u>29651854</u>
OTHER INCOME		
Dividend	5250	5250
Miscellaneous Income	<u>0</u>	<u>1273</u>
	<u>5250</u>	<u>6523</u>
	<u>29608635</u>	<u>29658377</u>
<u>SCHEDULE 12 : VARIATION IN STOCK</u>		
<u>Closing Stock</u>		
Finished Goods	15748327	19698132
Stock in Process	<u>13005252</u>	<u>10061032</u>
	<u>28753579</u>	<u>29759164</u>
<u>Less: Opening Stock</u>		
Finished Goods	19698132	19645516
Stock in Process	<u>10061032</u>	<u>5818427</u>
	<u>29759164</u>	<u>25463943</u>
	<u>-1005585</u>	<u>4295221</u>
<u>SCHEDULE 13 : MANUFACTURING & OTHER EXPENSES</u>		
<u>MATERIAL COST</u>		
Opening Stock	1620454	2544830
Add: Purchases	<u>21760523</u>	<u>23014830</u>
	<u>23380977</u>	<u>25559660</u>
Less: Closing Stock	<u>5242875</u>	<u>1620454</u>
Raw Material Consumed	<u>18138102</u>	<u>23939206</u>
	<u>1313590</u>	<u>36707</u>
<u>TRADING PURCHASES FOR SALES</u>		
	<u>1313590</u>	<u>36707</u>
<u>MANUFACTURING EXPENSES</u>		
Stores & Spares Parts Consumed	81913	40346
Power & fuel	229920	260048
Repair & Maintenance	<u>17337</u>	<u>10272</u>
	<u>329170</u>	<u>310666</u>
<u>PERSONNEL</u>		
Wages, Labour Charges,Salaries & Bonus	1928652	2303700
Workmen & Staff Welfare Expenses	79285	70639
Director's Remuneration	<u>720000</u>	<u>720000</u>
	<u>2727937</u>	<u>3094339</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<u>OVERHEAD & ADMINISTRATIVE EXPENSES</u>		
Assaying and hallmarking charges	84993	80228
Office Rent	79116	206508
Shop Rent	0	0
Telephone, & Telex Charges	114762	114632
Travelling & Conveyance Expenses	107908	227060
Printing & Stationery	41327	42401
Bank Charges	46328	18736
Electricity Expenses	69520	72700
Advertisement	63395	119543
Labour Charges (office)	379912	171000
Legal & Professional Charges	72500	138250
Miscellaneous Expenses	59976	118727
Auditors' Remuneration	22060	22060
Insurance Charges	178375	106214
Listing Charges	42091	42247
Share Transfer Fees	34038	43220
Vehicle Expenses	16508	18339
Sales Tax Paid	0	31800
Repairs & maintenance	92714	28766
Packing Material	0	8408
Factory Rent	299000	240000
Bad debts	0	0
	<u>1804523</u>	<u>1850839</u>
	<u>24313323</u>	<u>29231757</u>
<u>SCHEDULE 14 : INTEREST</u>		
Interest Paid		
On Cash Credit and Term loan	586144	1025337
	<u>586144</u>	<u>1025337</u>
Less: Interest Received		
On calls in arrears	0	11440
On Income Tax Refund	42448	0
	<u>543696</u>	<u>1013897</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 substantially 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

		<u>2009-2010</u>		<u>2008-2009</u>		
		Rs.		Rs.		
1.	Auditors Remuneration					
	Audit Fees		19854		19854	
	Tax Audit Fees		2206		2206	
			<u>22060</u>		<u>22060</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.	3882.952		6051.298	
4.	Particulars of Opening Stock, Turnover and Closing Stock [Manufactured Goods]:					
		Unit	<u>2009-2010</u>		<u>2008-2009</u>	
			Qty.	Rs.	Qty.	Rs.
	<i>Gold Jewellery set with Diamonds :</i>					
	Opening Stock (Manufacturing)	Gms	6485.246	19068281	7510.240	19015665
	Opening Stock (Trading)		461.703	629851	461.703	629851
	Turnover	Gms	12160.355	27732620	11915.242	29591209
	Closing Stock (Manufacturing)	Gms	3731.103	15118476	6485.246	19068281
	Closing Stock (Trading)	Gms	461.703	629851	461.703	629851
	Closing Stock (Finished Goods)	Gms	4192.806	15748327	6946.949	19698132
5.	A) Raw Material Consumed :					
	Polished Diamonds	Cts	253.413	5004290	483.530	12345667
	Gold 24kt	Gms	8407.300	12944341	9215.590	11569321
	Alloy	Gms	3218.080	25281	3283.136	22479
	Gold 18kt	Gms	79.350	128595		0
	Synthetic Stones	Cts	100.000	17778		0
	Silver	Gms	808.000	17817		0
	Total			18138102		23937467
	B) Raw Material Consumed for goods manufactured on Labour Job basis: -					
	Polished Diamonds	Cts				
	Gold	Gms				
	Alloy	Gms			275.944	1739
	Total			0		1739
	Grand Total			18138102		23939206



Deep Diamond India Limited

C) Trading Goods Purchases during the year:

Gold Jewellery	Gms	0.000	0	0.000	0
Diamonds	Cts	66.032	1313590	1.770	36707
Grand Total			1313590		36707

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

	2009-2010		2008-2009	
	Rs.	%	Rs.	%
(i) Raw Materials				
Imported	NIL	NIL	NIL	NIL
Indigenous	18138102	100	23939206	100
(ii) Stores and Spares				
Imported	NIL	NIL	NIL	NIL
Indigenous	81913	100	40346	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.87877/- (Previous Year Rs. 195812/-)

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, 2010, the Company has no outstanding dues to micro enterprises and small enterprises / small-scale industrial undertaking.
As at March 31, 2009, the Company had no outstanding dues to small-scale industrial undertaking.

14. Deferred tax liability (net) at the year end comprises timing differences on account of Depreciation Rs.55550/- for the current year and Rs.79721/- 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:

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.

	2009 - 2010	2008 - 2009
	Rs.	Rs.
(I) Net Profit After Tax	2233465	2143138
(ii) Number of Equity Shares of Rs. 10/- each (partly paid shares considered proportionately)	2786400	2786400
(iii) Basic and Diluted Earnings Per Share (Rs.)	0.80	0.77
(iv) Basic and Diluted Earnings Per Share (Rs.) (excluding extraordinary items)	0.80	0.77

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
Firm No. : 112430W

PRAKASH SOLANKI
Chairman

DHANANJAY SHARMA
Partner
Membership No.: 039832
Mumbai : 26th May, 2010

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details					
	Registration No.	:	82609	State Code	:	11
	Balance Sheet Date	:	31.03.2010			
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	:	62152731	Total Assets	:	62152731
	Sources of Funds					
	Paid-up Capital	:	29932000	Reserves & Surplus	:	30327619
	Secured Loans	:	1893112	Unsecured Loans	:	Nil
	Application of Funds					
	Net Fixed Assets	:	8078366	Investments	:	356250
	Net Current Assets	:	53718115	Miscellaneous Exp.	:	0
	Accumulated Losses	:	Nil			
IV.	Performance of Company (Amount in Rs.)					
	Turnover	:	29603385	Total Expenditure	:	26405130
	Profit before Tax	:	3198255	Profit after Tax	:	2233465
	Earning per Share in Rs.	:	-0.80	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 SOLANKI
Chairman

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director

Mumbai : 26th May, 2010

CASH FLOW STATEMENT FOR THE PERIOD APRIL 2009 TO MARCH 2010

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		3198255		3142859
Adjustments for				
Depreciation	547776		546545	
Interest Expenses	586144		1025337	
Loss on sale of fixed assets	0		18540	
Interest/Dividend Income	-47698	1086222	-17963	1572459
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		4284478		4715317
Adjustments for				
Trade and Other Receivables	-211270		8545878	
Inventories	-2616836		-3370845	
Loans and Advances	50557		-786619	
Trade Payables	308096	-2469453	-601887	3786527
Cash Generated from Operations		1815025		8501844
Interest Expenses		-586144		-1025337
Income Tax / Refund (Net)		-964790		-999721
NET CASH FROM OPERATIONS		264091		6476786
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchases & Sale of Fixed Assets	-42900		-29500	
Purchase of Investments	0		-93750	
Interest / Dividend Income	47698		17963	
NET CASH USED IN INVESTING ACTIVITIES		4798		-105287
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Term Loan	-1464949		-2101739	
Proceeds from Short Term Borrowings	1565547		-4376793	
Calls in Arrears recovered	0		8000	
NET CASH FROM FINANCING ACTIVITY		100598		-6470532
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		369486		-99033
CASH AND CASH EQUIVALENTS OPENING BALANCE		390423		489456
CASH AND CASH EQUIVALENTS CLOSING BALANCE		759910		390423

For and on behalf of the Board

DINESH R. SOLANKI
Managing Director

Mumbai : 26th May, 2010



Deep Diamond India Limited



Deep Diamond India Limited

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

ATTENDANCE SLIP

16th Annual General Meeting – 30th September 2010

Regd. Folio No. _____ No. of Shares held _____

Full Name of member / Proxy _____

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

I hereby record my presence at the SIXTEENTH ANNUAL GENERAL MEETING of the Company held at The Silk Merchants' Association, Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai-400002 at 11.00 a. m. on Thursday, the 30th September, 2010.

Member's / Proxy's Signature :

Note : A Shareholder / Proxy wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly filled and signed.

----- TEAR HERE -----



Deep Diamond India Limited

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

PROXY FORM

Regd. Folio No. _____ No. of Shares held _____

I/We _____

of _____ in the district of _____ being a Member

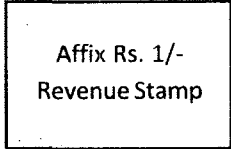
of the above named Company, hereby appoint Shri. / Smt. _____

_____ of _____ in the district of _____

as my / our Proxy to attend and vote for me / us and on my / our behalf at the SIXTEENTH ANNUAL GENERAL MEETING of the Company held at The Silk Merchants' Association, Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai-400002 on Thursday, the 30th September, 2010 at 11.00 a. m. and at any adjournment thereof.

Signed this _____ day of _____ 2010

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
Printed Matter
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- 400056.