



Deep Diamond India Limited

17th

Annual Report

2010-2011

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 Seventeenth Annual General Meeting of the members of Deep Diamond India Limited will be held on Friday, September 30, 2011 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, 2011 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 Manoj Jain 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 Friday, September 23, 2011 to Friday, September 30, 2011 (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, Universal Capital Securities Pvt. Ltd., 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.
7. As a responsible corporate citizen, the Company welcomes and supports the "Green Initiative" taken by the Ministry of Corporate Affairs, enabling the Company to effect electronic delivery of documents. The above initiative will go along way in conserving paper which is natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company sent to shareholders.

Members are requested to support this green initiative by updating their email addresses with the respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding. Join this cause and make the world a cleaner, greener and healthier place to live.

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
for **DEEP DIAMOND INDIA LIMITED**

sd/-
Prakash R. Solanki
Executive Director

Dated: 12th August, 2011.



DIRECTORS' REPORT

To,
The Members

The Directors have pleasure in presenting the Seventeenth Annual Report together with the Statement of Accounts for the year ended March 31, 2011 :

FINANCIAL RESULTS:

	2010-11 (Rs.)	2009-10 (Rs.)
Sales & Other income	37141616	29608635
Profit before Interest and Depreciation	4079043	4289727
Less : Interest	164969	543696
Profit before Depreciation	3914074	3746031
Less : Depreciation	548602	547776
Profit before Taxation	3365472	3198255
Less : Loss on sale of Fixed Assets	---	---
Less : Provision for Taxation : Current	(1000000)	(909240)
Deferred	(33000)	(55550)
Profit after Tax	2332472	2233465
Add : Balance profit brought forward from previous year	30327619	28094154
Profit/(loss) carried to Balance sheet	32660091	30327619

OPERATIONS:

The Company's business comprised of Domestic Operations only and the increase in Profitability is due to increase in sales. 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 2011-2012.

DIRECTORS:

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

Brief resume of the above Directors, nature of their expertise in specific functional areas and names of companies in which they hold 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 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:

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, 2011 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

Date : 12th August, 2011

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 centers, 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 jewelers 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. 3,71,35,503/- as compared to Rs. 2,96,08,635/- of the previous year. Accordingly, the Company's net profit during the year is Rs. 23,32,472/- against Rs. 22,33,465/-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 : 12th August, 2011

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, 2011. 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 30.04.2010, 26.05.2010, 12.08.2010, 04.11.2010 and 12.02.2011 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 2010 to 30th September 2010 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, 2010 was held on 30.09.2010 after giving 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) 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 the appointment of director and additional director have been duly made.
15. The appointment of Whole time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.



17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar 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, 2011 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, 2011

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, 2011

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, 2011.

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 17	138	Satisfaction of charge	06.04.2010	Yes	N.A.
2.	Form 25C	269	Re-appointment of Mr.Prakash Solanki as Executive Director w.e.f.01.05.2010	17.05.2010	Yes	N.A.
3.	Form 32	303	Re-appointment of Mr.Prakash Solanki as Executive Director w.e.f. 01.05.2010	17.05.2010	Yes	N.A.
4.	Form 32	303	Re-appointment of Mr.Rajan Agarwal as Additional Director w.e.f. 12.08.2010 and Resignation of Mr. Ramesh kumar Patel as Director w.e.f. 12.08.2010	14.08.2010	Yes	N.A.
5.	Form 23	192	i) Re-appointment of Mr. Dinesh Solanki as Managing Director w.e.f. 01.01.2010, ii) Re-appointment of Mr. Prakesh Solanki as Executive Director w.e.f. 01.05.2010, iii) Approval for Borrowings and Creation of Mortgage, Hypothecation and charge.	05.10.2010	Yes	N.A.
6.	Form 32	303	Change in designation of Mr. Rajan Agarwal w.e.f. 30.09.2010	05.10.2010	Yes	N.A.

7.	Form 66 alongwith Compliance Certificate for the year ended 31.03.2010	383A	Financial Year 2009-2010	05.10.2010	Yes	N.A.
8.	Form 23AC & 23ACA alongwith the Annual Report as on 31.03.2010	220	Adopted at the Annual General Meeting held on 30.09.2010	05.10.2010	Yes	N.A.
9.	Form 20B along with Annual Return made upto 30.09.2010	159	Annual General Meeting held on 30.09.2010	16.11.2010	Yes	N.A.

Place : Mumbai
Date : 12th August, 2011

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



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

The Board of Directors of the Company consists of Five members.

Composition and category of Directors is as follows:

Name of Director	Category	No. of Board Meetings		Attendance at the last AGM	Director-ship 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 Patel@	*I & N.E.D.	5	3	N.A	NIL	NIL	NIL
Shri Rajan Agarwal @@	*I & N.E.D.	5	2	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

- @ Shri Ramesh Patel was resigned as Director of the Company w.e.f. 12th August, 2010.
@@ Shri Rajan Agarwal was appointed as Additional Director w.e.f. 12th August, 2010.

Shri Prakash Solanki and Shri Dinesh Solanki are related to each other, none of the other Directors are related interse.

A. Non executive directors' compensation and disclosures

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

B. **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.

C. **BOARD MEETINGS**

Five Board Meetings were held during the year 2010-2011. The dates on which the said meetings were held are as follows : 30.04.2010, 26.05.2010, 12.08.2010, 04.11.2010 and 12.02.2011

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. The Board periodically reviews the compliance of all laws applicable to the Company.

All directors have made necessary disclosures about the committee positions, if any, held 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.

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 Manoj Jain
Age	38
Qualification	C.A
Nature of Expertise	Practising Chartered Accountant
Name of other Companies in which holds Directorship	NIL
Names of other Companies in which holds Membership of committees of the Board	N. A.

D. 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 was reconstituted on 12.08.2010 comprising of Shri Manoj Jain, Shri Rajan Agarwal and Smt. Sangeeta Jain, in view of the resignation of Shri Ramesh Patel and induction of Shri Rajan Agarwal.

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 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 2010-2011. The dates on which the meetings were held are as follows: 30.04.2010, 26.05.2010, 12.08.2010, 04.11.2010 and 12.02.2011

Composition and category of Members is as follows:

Name of Director	Category	No. of Audit Committee Meetings	
		held	Attended
Shri Manoj V. Jain	Chairman	5	5
Shri Ramesh Patel (upto 12.08.2010)	Member	5	3
Shri Rajan Agarwal (from 12.08.2010)	Member	5	2
Smt. Sangeeta R. Jain	Member	5	5

The Chairman of the Audit Committee was present at the 16th Annual General Meeting held on 30th September, 2010.

4. 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.

5. SUBSIDIARY COMPANY

The company has no subsidiary company.

6. REMUNERATION COMMITTEE

The remuneration committee comprises of three Directors, all of whom are Non-Executive, Independent Directors.

The Remuneration Committee was reconstituted on 12.08.2010 comprising of Shri Manoj Jain, Shri Rajan Agarwal and Smt. Sangeeta Jain, in view of the resignation of Shri Ramesh Patel and induction of Shri Rajan Agarwal.

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. One meeting of the Committee was held during the year 2010-2011, in which all the members were present.

Details of remuneration paid to the Directors of the Company during the year ended March 31, 2011 are given below:



Name of Director	Salary	Perquisites	Commission	Others	Sitting Fees	Total
Shri Prakash R. Solanki	360000	Nil	Nil	Nil	Nil	360000
Shri Dinesh R. Solanki	360000	Nil	Nil	Nil	Nil	360000
Shri Manoj V. Jain	Nil	Nil	Nil	Nil	Nil	Nil
Shri Rajan Agarwal	Nil	Nil	Nil	Nil	Nil	Nil
Smt. Sangeeta Jain	Nil	Nil	Nil	Nil	Nil	Nil
Shri. Ramesh Patel	Nil	Nil	Nil	Nil	Nil	Nil

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

7. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The shareholders'/investors' Grievance Committee was reconstituted on 12.08.2010 comprising of Shri Manoj Jain, Shri Rajan Agarwal and Smt. Sangeeta Jain, in view of the resignation of Shri Ramesh Patel and induction of Shri Rajan Agarwal.

Since no Complaint was received, meeting of the Committee was not held during the year 2010-2011.

Shri Prakash R. Solanki is a Compliance Officer of the Company.

During the financial year ended 31st March, 2011, no complaints were received from the shareholders/investors. No requests for transfer was received for approval during the year 2010-11.

8. GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings:

Year	Venue	Day, Date	Time
2007-2008	The Silk Merchants' Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road Mumbai - 400 002	Tuesday, 30.09.2008	11.00 a.m.
2008-2009	The Silk Merchants' Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road Mumbai - 400002	Wednesday, 30.09.2009	11.30 a.m.
2009-2010	The Silk Merchants' Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road Mumbai - 400 002	Thursday, 30.09.2010	11.00 a.m.

The following are the Special Resolutions passed at the General Meeting held in the past three years.

Date of the Meeting	Summary
30.09.2008	Ms. Jayashree Solanki, relative of Director of the company to holding an office or place of profit in the Company.
30.09.2009	NIL
30.09.2010	NIL

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.

9. 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

A Separate report on Management Discussion and Analysis which forms part of the report is annexed.

The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties/ strictures have been imposed against the company during the last three years.

Clause 49 of the Listing agreement mandates to obtain a certificate from either the Auditors or Practicing Company Secretaries regarding compliance of conditions of corporate governance stipulated in the clause and annex the certificate with the Directors' report, which is sent annually to all the shareholders. The company has obtained a certificate from the Auditors of the company to this effect and the same is given as an annexure to Directors' report.



10. MEANS OF COMMUNICATION

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

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

11. GENERAL SHAREHOLDERS INFORMATION :

- i. 17th Annual General Meeting : Friday, 30th September 2011 at 11 a. m.
Date, Time and Venue : The Silk Merchants' Association
Dahanukar Building, 1st Floor,
480, Kalbadevi Road, Mumbai - 400002.

- ii. Financial Year : 1st April, 2011 to 31st March, 2012
Financial Reporting for :
Quarter ending June, 2011 : Last week of July*
Quarter ending September, 2011 : Last week of October*
Quarter ending December, 2011 : Last week of January*
Annual Results for the year
ending on March 31, 2012 : Last week of May*

*Tentative

- iii. Date of Book Closure : Friday September 23, 2011
to Friday, September 30, 2011
(both days inclusive)

- iv. Dividend Payment Date : Not applicable.

- v. Listing on Stock Exchange : Pune, Ahemdabad, Bangalore, Calcutta and
Delhi Stock Exchange

- vi. (a) Stock Code - Physical : The Stock Exchange at :
Pune : DEED/160159
Ahmedabad : D/ 13205
Bangalore : DDI
Calcutta : 14060
Delhi Stock Exchange : 8919

- (b) ISIN Number in NSD : ISIN No. INE005G01018
- vii. Stock Price Data : There is no sensex maintained at Regional Stock Exchange, Pune, Hence Stock price data is not available.
- viii. Registrar & Transfer Agents : Universal Capital securities Private Limited
21, Shakil Niwas, Mahakali Caves Road,
Opp. Saibaba Temple, Andheri (East),
Mumbai-400093.
- ix. Share Transfer System :
Applications for transfer of shares in physical form are processed by the Company's Registrar & Share Transfer Agents, M/S Universal Capital securities Private Limited 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.
- x. Categories of Shareholders as on 31st March, 2011:
- | 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 | 738500 | 26.50 |
| Total | 2786400 | 100.00 |
- xi. Dematerialization of shares and Liquidity :
As on 31st March 2011, 29.15% 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 Location : DEEP DIAMOND INDIA LIMITED
Unit No. 6-B, Planet Ind. Estate,
Subhash Road, Vile Parle (East),
Mumbai-400057, Maharashtra.



xiii. Address for Correspondence :

Registrar and Share Transfer Agents :
Universal Capital securities Private Limited
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 Solanki
Chairman & Executive Director
Office No. 202, Cosmos Court Premises
Co-operative Society Ltd., S.V. Road,
Vile Parle (W), Mumbai 400 056
Tel: 261 00 803
Telefax : 261 74 321
e-mail: deepjwly@mtnl.net.in

12. 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 May 30, 2011 to approve the audited annual accounts for the year ended 31st March 2011.

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, 2011.

For and on behalf of the Board

Sd/-

Dinesh R. Solanki
Managing Director

Dated: 12th August 2011

Ramprasad Sharma & Associates

CHARTERED ACCOUNTANTS

325, Kalbadevi Road, 4th Floor, Mumbai: 400002. Tel. 22413686 Fax: 22412951, Email: rpas2mtnl.net.in

CERTIFICATE

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, 2011, 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

Place: Mumbai

Dated: 12th August, 2011

DHANANJAY SHARMA
Partner



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 2011 and also the Profit and Loss Account and 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 have 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 and amendments thereto issued by the Central Government of India in terms of Sec 227(4A) of The Companies Act 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order.
4. Further to our comments in the 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 purposes of our audit;
 - (ii) In our opinion, proper books of account 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 account;
 - (iv) In our opinion, the Balance Sheet and 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 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section(1) of section 174 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 2011; and
- (b) in the case of Profit and Loss Account, of the Profit for the year ended 31st March 2011.
- (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 : 30th May, 2011



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, 2011

- 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 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) (b) 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, nondisputed 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, 2011 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, 2011. 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.



Deep Diamond India Limited

- 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

(Firm No 112430W)

DHANANJAY SHARMA

Partner

(Membership No : 039832)

Place: Mumbai

Dated : 30th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	1	29932000	29932000
b) Reserve & Surplus	2	32660091	30327619
		<u>62592091</u>	<u>60259619</u>
2. LOAN FUNDS			
a) Secured Loans	3	2045210	1893112
TOTAL		<u>64637301</u>	<u>62152731</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS	4		
Gross Block		12938309	12884081
Less: Depreciation		5354317	4805715
Net Block		<u>7583992</u>	<u>8078366</u>
2. INVESTMENTS	5	356250	356250
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	6	39380060	33996454
b) Sundry Debtors	7	17229993	18351471
c) Cash & Bank Balance	8	337053	759910
d) Loans & Advances	9	3152764	3659059
		<u>60099870</u>	<u>56766894</u>
Less: Current Liabilities and Provisions	10	3402811	3048779
Net Current Assets		<u>56697059</u>	<u>53718115</u>
TOTAL		<u>64637301</u>	<u>62152731</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 : 30th May, 2011

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
INCOME :			
Sales & Other Income	11	37141616	29608635
Variation in Stock	12	4537695	-1005585
TOTAL		<u>41679311</u>	<u>28603050</u>
EXPENDITURE :			
Manufacturing & other Expenses	13	37600269	24313323
Interest	14	164969	543696
Depreciation		548602	547776
TOTAL		<u>38313840</u>	<u>25404795</u>
Profit for the year		3365472	3198255
Less : Loss on Sale of Fixed Assets		0	0
Less : Provision for Taxation - Current		-1000000	-909240
- Deferred		<u>-33000</u>	<u>-55550</u>
Profit after Tax		2332472	2233465
Less: Provisions of Tax of Previous Year return- back		---	---
Add: Balance Brought forward		30327619	28094154
Balance carried to Balance Sheet		<u>32660091</u>	<u>30327619</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 : 30th May, 2011

DINESH SOLANKI
Managing Director

SANGEETA JAIN
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 Rs.	As at 31.03.2010 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><u>29932000</u></u>	<u><u>29932000</u></u>
<u>SCHEDULE 2 : RESERVES & SURPLUS</u>		
Profit and Loss Account	<u>32660091</u>	<u>30327619</u>
	<u><u>32660091</u></u>	<u><u>30327619</u></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>2045210</u>	<u>1893112</u>
	<u><u>2045210</u></u>	<u><u>1893112</u></u>



SCHEDULE 4 : FIXED ASSETS

Sr. Particulars No.	Gross Block			Depreciation			Net Block			
	As on 31.03.2010	Addition	Deletion	As on 31.03.2011	Up to 31.03.2010	For the Year on Sale	Adjusted on Sale	Up to 31.03.2011	As on 31.03.2011	As on 31.03.2010
1. Building	6864370	----	----	6864370	1157867	229270	----	1387137	5477233	5706503
2. Plant & Machinery	2713856	----	----	2713856	1650500	128908	----	1779408	934448	1063356
3. Dies	100000	----	----	100000	99999	0	----	99999	1	1
4. Electric Installation	124133	----	----	124133	78383	5896	----	84280	39853	45750
5. Air conditioner	277170	----	----	277170	113336	13166	----	126501	150669	163834
6. Furniture & Fixtures	1528186	----	----	1528186	1067913	96639	----	1164553	363633	460273
7. Vehicles	449593	----	----	449593	197745	38948	----	236693	212900	251848
8. Computers	386450	20490	----	406940	324422	14701	----	339123	67817	62028
9. Office Equipments	440323	33738	----	474061	115551	21073	----	136624	337437	324772
Total	12884081	54228	0	12938309	4805715	548602	0	5354317	7583992	8078366
Previous Year	12841181	42900	0	12884081	4257939	547776	0	4805715	8078366	8583242

SCHDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 Rs.	As at 31.03.2010 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>412500</u>	<u>226500</u>
<u>SCHEDULE 6 : INVENTORIES</u>		
(As Taken, Valued & Certified by the Management)		
Raw Materials (At Cost)	6088786	5242875
Stock in Process (At Cost)	18843141	13005252
Finished Goods (At Lower of Cost or Net Realisable Value)	14448133	15748327
	<u>39380060</u>	<u>33996454</u>
<u>SCHEDULE 7 : SUNDRY DEBTORS</u>		
(Unsecured Considered Good)		
Over Six Months	6239394	10467803
Others	10990599	7883668
	<u>17229993</u>	<u>18351471</u>
<u>SCHEDULE 8 : CASH AND BANK BALANCE</u>		
Cash on hand (As per Books & Certified)	229855	650301
Balance with Schedule Banks :		
In Current Accounts	107198	109609
	<u>337053</u>	<u>759910</u>
<u>SCHEDULE 9 : LOANS AND ADVANCES</u>		
(Unsecured , Considered Good)		
Advances recoverable in cash or in Kind or for value to be received	237815	187259
Advance Tax	2638049	3207000
Deposits	276900	264800
	<u>3152764</u>	<u>3659059</u>
<u>SCHEDULE 10 : CURRENT LIABILITIES AND PROVISIONS</u>		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors	217987	163741
T.D.S. Payable	0	5214
	<u>217987</u>	<u>168955</u>
<u>PROVISIONS</u>		
For Taxation	2838000	2566000
For Deferred Tax	346824	313824
	<u>3184824</u>	<u>2879824</u>
	<u>3402811</u>	<u>3048779</u>



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<u>SCHEDULE 11 : SALES & OTHER INCOME</u>		
SALES		
Sales -Manufacturing	36409254	27732620
Sales -Trading	726249	1870765
	<u>37135503</u>	<u>29603385</u>
OTHER INCOME		
Dividend	6000	5250
Miscellaneous Income	113	0
	<u>6113</u>	<u>5250</u>
	<u>37141616</u>	<u>29608635</u>
<u>SCHEDULE 12 : VARIATION IN STOCK</u>		
<u>Closing Stock</u>		
Finished Goods	14448133	15748327
Stock in Process	18843141	13005252
	<u>33291274</u>	<u>28753579</u>
Less: Opening Stock		
Finished Goods	15748327	19698132
Stock in Process	13005252	10061032
	<u>28753579</u>	<u>29759164</u>
	<u>4537695</u>	<u>-1005585</u>
<u>SCHEDULE 13 : MANUFACTURING & OTHER EXPENSES</u>		
<u>MATERIAL COST</u>		
Opening Stock	5242875	1620454
Add: Purchases	32217229	21760523
	<u>37460104</u>	<u>23380977</u>
Less: Closing Stock	6088786	5242875
Raw Material Consumed	<u>31371318</u>	<u>18138102</u>
	<u>1487681</u>	<u>1313590</u>
TRADING PURCHASES FOR SALES		
	<u>1487681</u>	<u>1313590</u>
<u>MANUFACTURING EXPENSES</u>		
Stores & Spares Parts Consumed	46070	81913
Power & fuel	206946	229920
Repair & Maintenance	23286	17337
	<u>276302</u>	<u>329170</u>
<u>PERSONNEL</u>		
Wages, Labour Charges,Salaries & Bonus	1814538	1928652
Workmen & Staff Welfare Expenses	71495	79285
Director's Remuneration	720000	720000
	<u>2606033</u>	<u>2727937</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<u>OVERHEAD & ADMINISTRATIVE EXPENSES</u>		
Assaying and hallmarking charges	42973	84993
Office Rent	79116	79116
Shop Rent	0	0
Telephone, & Telex Charges	115810	114762
Travelling & Conveyance Expenses	103662	107908
Printing & Stationery	43191	41327
Bank Charges	18048	46328
Electricity Expenses	81932	69520
Advertisement	95167	63395
Labour Charges (office)	316479	379912
Legal & Professional Charges	93500	72500
Miscellaneous Expenses	91949	59976
Auditors' Remuneration	22060	22060
Insurance Charges	173632	178375
Listing Charges	49662	42091
Share Transfer Fees	34627	34038
Vehicle Expenses	15233	16508
Sales Tax Paid	0	0
Repairs & maintenance	82406	92714
Packing Material	123488	0
Factory Rent	276000	299000
	1858935	1804523
	37600269	24313323

SCHEDULE 14 : INTEREST

Interest Paid		
On Cash Credit and Term loan	261285	586144
	261285	586144
Less: Interest Received		
On calls in arrears	0	0
On Income Tax Refund	96316	42448
	164969	543696



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

		2010-2011		2009-2010	
		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.	10671.250		3882.952
4.	Particulars of Opening Stock, Turnover and Closing Stock [Manufactured Goods]:				
		Unit	2010-2011		2009-2010
			Rs.	Qty.	Rs.
	Gold Jewellery set with Diamonds :				
	Opening Stock (Manufacturing)	Gms	3731.103	15118476	6485.246
	Opening Stock (Trading)		461.703	629851	461.703
	Turnover	Gms	10987.180	36409254	12160.355
	Closing Stock (Manufacturing)	Gms	1777.553	13345528	3731.103
	Closing Stock (Trading)	Gms	262.773	1102605	461.703
	Closing Stock (Finished Goods)	Gms	2040.326	14448133	4192.806
5.	A) Raw Material Consumed :				
	Polished Diamonds	Cts	720.114	15805585	253.413
	Gold 24kt	Gms	8172.390	15542172	8407.300
	Alloy	Gms	2933.776	23560	3218.080
	Gold 18kt	Gms	0	0	79.350
	Synthetic Stones	Cts	0	0	100.000
	Silver	Gms	0	0	808.000
	Total			31371318	18138102
	B) Raw Material Consumed for goods manufactured on Labour Job basis: -				
	Polished Diamonds	Cts			
	Gold	Gms			
	Alloy	Gms			
	Total			0	0
	Grand Total			31371318	18138102



Deep Diamond India Limited

C) Trading Goods Purchases during the year:

Gold Jewellery	Gms	0.000	0	0.000	0
Diamonds	Cts	54.455	1487681	66.032	1313590
Grand Total			1487681		1313590

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

	2010-2011		2009-2010	
	Rs.	%	Rs.	%
(i) Raw Materials				
Imported	NIL	NIL	NIL	NIL
Indigenous	31371318	100	18138102	100
(ii) Stores and Spares				
Imported	NIL	NIL	NIL	NIL
Indigenous	46070	100	81913	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. 82511/- (Previous Year Rs. 87877/-)

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, 2011, the Company has no outstanding dues to micro enterprises and small enterprises / small-scale industrial undertaking.
As at March 31, 2010, 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. 33000/- for the current year and Rs.55550/- 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.

	2010 - 2011	2009 - 2010
	Rs.	Rs.
(i) Net Profit After Tax	2332472	2233465
(ii) Number of Equity Shares of Rs. 10/- each (partly paid shares considered proportionately)	2786400	2786400
(iii) Basic and Diluted Earnings Per Share (Rs.)	0.84	0.80
(iv) Basic and Diluted Earnings Per Share (Rs.) (excluding extraordinary items)	0.84	0.80

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 : 30th May, 2011

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	:	31.03.2011			
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	:	64637301	Total Assets	:	64637301
	Sources of Funds					
	Paid-up Capital	:	29932000	Reserves & Surplus	:	32660091
	Secured Loans	:	2045210	Unsecured Loans	:	Nil
	Application of Funds					
	Net Fixed Assets	:	7583992	Investments	:	356250
	Net Current Assets	:	56697059	Miscellaneous Exp.	:	0
	Accumulated Losses	:	Nil			
IV.	Performance of Company (Amount in Rs.)					
	Turnover	:	37135503	Total Expenditure	:	33770031
	Profit before Tax	:	3365472	Profit after Tax	:	2332472
	Earning per Share in Rs.	:	0.84	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 : 30th May, 2011

CASH FLOW STATEMENT FOR THE PERIOD APRIL 2 010 TO MARCH 2011

	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		3365472		3198255
Adjustments for				
Depreciation	548602		547776	
Interest Expenses	261285		586144	
Loss on sale of fixed assets	0		0	
Interest/Dividend Income	-102429	707458	-47698	1086222
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		4072930		4284478
Adjustments for				
Trade and Other Receivables	1121478		-211270	
Inventories	-5383605		-2616836	
Loans and Advances	506295		50557	
Trade Payables	354032	-3401801	308096	-2469453
Cash Generated from Operations		671129		1815025
Interest Expenses		-261285		-586144
Income Tax / Refund (Net)		-1033000		-964790
NET CASH FROM OPERATIONS		-623156		264091
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchases & Sale of Fixed Assets	-54228		-42900	
Purchase of Investments	0		0	
Interest / Dividend Income	102429		47698	
NET CASH USED IN INVESTING ACTIVITIES		48201		4798
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Term Loan	0		-1464949	
Proceeds from Short Term Borrowings	152098		1565547	
Calls in Arrears recovered	0		0	
NET CASH FROM FINANCING ACTIVITY		152098		100598
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		-422857		369486
CASH AND CASH EQUIVALENTS OPENING BALANCE		759910		390423
CASH AND CASH EQUIVALENTS CLOSING BALANCE		337054		759910

For and on behalf of the Board

DINESH R. SOLANKI
Managing Director

Mumbai : 30th May, 2011



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, 2011. 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 30th May, 2011 to the Members of the Company.

For **RAMPRASAD SHARMA & ASSOCIATES**

Chartered Accountants

Firm No. : 112430W

DHANANJAY SHARMA

Partner

Membership No.: 039832

Mumbai : 30th May, 2011



Deep Diamond India Limited

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