

Alka DIAMOND INDUSTRIES LIMITED

22nd ANNUAL REPORT

F. Y. 2010-2011

Alka DIAMOND INDUSTRIES LIMITED

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Alka DIAMOND INDUSTRIES LIMITED

BOARD OF DIRECTORS

GOPAL M. JAVDA – MANAGING DIRECTOR

UTTAM CHAND HINGER – DIRECTOR

PANKAJ KUMAR JAIN - DIRECTOR

MUKESH KUMAR GADHIYA – DIRECTOR

JAYANT KANSARA - DIRECTOR

AUDITORS

K. K. JHUNJHUNWALA & CO.,
CHARTERED ACCOUNTANTS

Alka DIAMOND INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the **22nd Annual General Meeting** of the Members of **Alka DIAMOND INDUSTRIES LIMITED** will be held on Friday the 30th day of Sept. 2011 at 10.30 a. m. at the Registered office of the Company to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance-sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the report of Auditors and Directors thereon.
2. To appoint a Director in place of Shri Uttam Chand Hinger who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. K. K. Jhunjhunwala & Co., Chartered Accountants, Firm Reg. No. 111852W as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the Next Annual General Meeting and to fix their remuneration apart from reimbursing out of pocket expenses incurred by them in the normal course of their duties.

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD

PLACE :- MUMBAI.

DATE :- 02-09-2011

Sd/-

CHAIRMAN & MANAGING DIRECTOR

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxies duly

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stamped and executed, must reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Sunday the 25th day of Sept., 2011 to Friday the 30th Sept., 2011 (both days inclusive).
3. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays between 10.30 a. m. and 12.30 p. m. up to the date of the Annual General Meeting.
4. As a measure of economy copies of Annual Report will not be distributed at the Annual General Meeting. Therefore members are requested to bring their copy of the Annual Report to the Meeting.
5. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD

PLACE :- MUMBAI.

DATE :- 02-09-2011

Sd/-

CHAIRMAN & MANAGING DIRECTOR

Alka DIAMOND INDUSTRIES LIMITED

DIRECTOR'S REPORT

To
The Shareholders,

Your Directors have pleasure in presenting their **22nd ANNUAL REPORT** along with the audited annual accounts for the year ended on **31ST MARCH, 2011**, AND REPORT THAT: -

FINANCIAL RESULTS

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

(Figures in Lakhs)

PARTICULARS	2010-2011	2009-2010
Sales & Other Income	1,62,85,243	10,93,162
Profit Before Tax (PBT)	11,00,244	(10,991)
Profit After Tax (PAT)	7,61,974	1,89,596
Less :- Prior year tax adjustments	89,073	8,52,498
Add :- Balance b/f from the previous year	(11,06,819)	(4,43,917)
Balance available for Appropriation	(4,33,918)	(11,06,819)
Less :- Transferred to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried to Balance Sheet	(4,33,918)	(11,06,819)

DIVIDEND

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

AUDITORS

M/s. K. K. Jhunjhunwala & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a Certificate from the Auditors that they are qualified under Section 224(1B) of the Companies Act, 1956, if re-appointed, to act as the Auditors of the Company. Members are requested to consider their re-appointment at a remuneration to be decided by the Board of Directors.

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AUDITOR'S REPORT

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

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

BOARD OF DIRECTORS

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company Uttam Chand Hinger, Directors of the Company retires by rotation and being eligible, offers himself for re-appointment.

CORPORATE GOVERNANCE

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

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.

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- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2011 and of the profit of the Company for the year ended 31st March, 2011.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

PARTICULARS REQUIRED UNDER THE LISTING AGREEMENT

LISTING

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

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

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PAYMENT OF LISTING FEES

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

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

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

1. During the whole of the financial year the manufacturing activities were suspended hence there was no energy consumption. However, the Company is getting the manufacturing done from outside party on job work basis as and when it is required to do so.
2. No technology has been availed during the year.
3. The total exports for the year 2010-2011 amounting to Rs.Nil

Total Foreign Exchange Earned	: -	US\$ Nil
Total Foreign Exchange outgo were	: -	US\$ Nil

ACKNOWLEDGEMENT

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

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD

PLACE: - MUMBAI.

DATE : - 02-09-2011

Sd/-

CHAIRMAN & MANAGING DIRECTOR

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

INDUSTRY HIGHLIGHTS

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

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

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

MAJOR INDUSTRY COMPONENTS

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

Global Gems & Jewellery Industry

Global Jewellery sales is expected to grow at 4.6 per cent year-on-year to touch USD 185 billion in 2011 and USD 230 billion in 2015.

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

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

The Indian Gems and Jewellery Industry

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

Industry Developments

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

Competitive Advantage

The factors leading to the Indian gems and jewellery industry's growth are many. A near dominance in diamonds and colored stones, manufacturing excellence, forward looking entrepreneurs, liberalized government policies and an extensive international marketing network has helped India establish itself as one of the leading jewellery centers in the world. Moreover, its high consumption of gold, steady inflow of silver and growing

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interest in platinum enable India to develop the entire range of jewellery, in plain metal and studded, that caters to the desires of every market.

Outlook

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

The Gems & Jewellery export Promotion Council (GJEPC) is looking at exploring new markets, such as Latin American countries. The industry also plans to make India a trading center for cut and polished diamonds, and is closely working with the Government of India in this regard. The long term prospects looks good with Jewellery exports alone expected to touch USD 16 billion in 2011 according to industry estimates.

Competitive Strengths

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

Potential Risks

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

PROFORMANCE

Income

The Company has recorded a total income from operations Rs. 16285243/- (previous year Rs.1093162/-) for the year ended March 31, 2011

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Expenditure

The Company has recorded a total expenditure of Rs 25,99,289/- (previous year Rs.1051282) for the year ended March 31, 2011.

Net profit before taxes

The company has recorded a net Profit before taxes Rs. 11,00,244/- (previous year Loss of Rs.10991/- for the year ended March 31, 2011.

Taxes

Provision for taxes includes current tax liabilities. For the year ended March 31, 2011 the company had current tax liabilities of Rs. 3,40,000/- (Previous year Rs. Nil/-)

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD

PLACE: - MUMBAI.

DATE : - 02-09-2011

Sd/-

CHAIRMAN & MANAGING DIRECTOR

Alka DIAMOND INDUSTRIES LIMITED

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

A. The constitution of the Board as on 31st March, 2011

The Board of Alka Diamond Industries Ltd. consists of 5 Directors, three of whom are non-executive two are executive. Shri Gopal M. Javda represent the promoter group. Shri Gopal M. Javda is the Chairman and Managing Director of the Company.

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

As per statutory requirements, at least two third of the Board should consist of retiring directors. Of these, one third are liable to retire by rotation every year and if

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eligible, offers themselves for reappointment subject to consent of members in meeting. One out of two directors in Alka Diamond Industries Ltd. will be retiring directors.

B. Attendance record of directors.

The composition of the Board and the attendance record of all the directors at the five Board meetings held during 2010-11:

Sr. No.	Name of Director	Designation	Board Meetings Attended
1	Gopal M. Javda	Chairman & MD	7
2	Pankaj Kumar Jain	Director	7
3	Uttam Chand Hinger	Director	7
4	Mukesh Kumar Gadhiya	Director	7
5	Jayant Kansara	Director	7

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

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

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C. Outside Directorships and Membership of Board Committees.

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

Sr. No.	Name of Director	Listed Companies	Directorship in Unlisted Public Limited Companies	Membership of Board Committees
1	Gopal M. Javda	NIL	NIL	NIL
2	Pankaj Kumar Jain	NIL	NIL	NIL
3	Uttam Chand Hinger	NIL	NIL	NIL
4	Mukesh Kumar Gadhiya	NIL	NIL	NIL
5	Jayant Kansara	NIL	NIL	NIL

D. Number of Board meetings held.

During the Year 2010-11, the Board of Director met 7 (Seven) times on the following dates: 30th day of April 2010, 30th day of July 2010, 18th day of August 2010, 29th day of October 2010, 24th day of December 2010, 30th day of January 2011 and 22nd day of February 2011,

The dates of meeting were generally decided well in advance.

AUDIT COMMITTEE

i. Constitution and Composition of the Audit Committee

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

The Audit Committee consists of Five Directors :

1. Shri Gopal M. Javda
2. Shri Pankaj Kumar Jain
3. Shri Uttam Chand Hinger
4. Shri Mukesh Kumar Gadhiya
5. Shri Jayant Kansara

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

ii. **Meetings and Attendance and Topics Discussed.**

During the Year 2010-11, the Board of Director met 7 (Seven) times on the following dates: 30th day of April 2010, 30th day of July 2010, 18th day of August 2010, 29th day of October 2010, 24th day of December 2010, 30th day of January 2011 and 22nd day of February 2011. The meetings were scheduled well in advance and were attended by all the members of the Committee.

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

REMUNERATION COMMITTEE

a. Constitution and Composition of the Remuneration Committee.

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

1. Shri Gopal M. Javda
2. Shri Pankaj Kumar Jain
3. Shri Uttam Chand Hinger
4. Shri Mukesh Kumar Gadhiya
5. Shri Jayant Kansara

Shri Gopal M. Javda is the Chairman of the Committee, Shri Pankaj Kumar Jain is the Executive Director and all the members of the remuneration committee are independent, non-executive directors.

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b. Meetings and Attendance and Topics Discussed.

During 2010-11 no meeting of remuneration committee were held as there were no significant changes in the existing structure/policy, which was required to be discussed.

c. Remuneration paid / payable to Directors during the Financial Year 2010-11.

Sr. No.	Name of Director	Salary/Allowances Amount Rupees	Sitting Fees Amount Rupees	Total Amount Rupees
1	Gopal M. Javda	2,40,000	NIL	2,40,000
2	Uttam Chand Hinger	30,000	NIL	30,000
3	Pankaj Jain	60,000	NIL	60,000

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE & SHARE TRANSFER COMMITTEE

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

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

The Shareholders/Investors Grievance Committee consists of five directors:

1. Shri Gopal M.Javda
2. Shri Pankaj Kumar Jain
3. Shri Uttam Chand Hinger
4. Shri Mukesh Kumar Gadhiya
5. Shri Jayant Kansara

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Shri Gopal M.Javda is the Chairman of the Committee, Shri Pankaj Kumar is the Executive Director and all the members of the committee are independent, non-executive directors.

II. Investors Complaints received and resolved during the Year

During 2010-11 in the Company is in dematerialized form and as well as in physical form. During the year the Share Transfer Agent received Nil complaint.

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

Shri Nilesh Parmar

626, Panchratna, Opera House, Mumbai – 400 004.

GENERAL BODY MEETINGS

Type of Meeting	Date of Meeting	Place of Meeting	Time of the Meeting
15 th Annual General Meeting	30 th Sept. 2004	233, Panchratna, Opera House, Mumbai – 400 004.	10.30A.M.
16 th Annual General Meeting	30 th Sept. 2005	233, Panchratna, Opera House, Mumbai – 400 004.	10.30 A.M.
17 th Annual General Meeting	30 th Sept. 2006	233, Panchratna, Opera House, Mumbai – 400 004.	10.30 A.M.
18 th Annual General Meeting	30 th Sept. 2007	233, Panchratna, Opera House, Mumbai – 400 004.	10.30 A.M.
19 th Annual General Meeting	29 th Sept. 2008	233, Panchratna, Opera House, Mumbai – 400 004.	10.30 A.M.

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20 th Annual General Meeting	30 th Sept., 2009	233, Panchratna, Opera House, Mumbai - 400004	10.30 A. M.
21 st Annual General Meeting	30 th Sept., 2010	626, Panchratna, Opera House, Mumbai - 400 004	10.30 A. M.
22 nd Annual General Meeting	30 th Sept., 2011	626, Panchratna, Opera House, Mumbai - 400 004	10.30 A. M.

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

DISCLOSURES

Related Party Transactions:

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

Risk Management:

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

CEO/CFO Certification:

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

Review of Directors' Responsibility Statement:

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2011 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

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Penalties and Structures:

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

CODE OF CONDUCT

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

MENAS OF COMMUNICATION

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

GENERAL SHAREHOLDERS INFORMATION

A. Annual General Meeting

Date : 30th September, 2011
Place : 626, Panchratna,
Opera House,
Mumbai – 400 004.
Maharashtra.
Time : 10.30 a.m.

B. Financial Calendar

Year Ending Date	:	31 st March, 2011
Mailing of Annual reports	:	29 th June, 2011
Annual General Meeting of the Company	:	30 th Sept., 2011
Unaudited first quarter financial results	:	30 th July, 2010
Unaudited second quarter financial results	:	29 th Oct., 2010
Unaudited third quarter financial results	:	31 st Jan., 2011

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C. Dividend

No dividend is declared.

D. Dates of Book Closure

The Register of Member and Share Transfer Books of the Company will remain closed from the 25th day of September, 2011 to 30th day of September, 2011 both days inclusive.

E. Registrar and Share Transfer Agent

Sharex (India) Private Limited

SEBI REG. No. : INR000002102

Registered Office:

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

Horniman Circle, Fort,

Mumbai – 400 001.

Tel. : 022-2270 2485 / 2264 1376

Fax. : 022-2264 1349

Website : www.sharexindia.com

Email : sharexindia@vsnl.com

COMPLAINEE WITH NON-MANDATORY REQUIREMENTS

Tenure of Independent Directors on the Board

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

Shareholders Rights

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

Audit Qualifications

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

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Training of Board Members

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

Whistle Blower Policy

The Company has not adopted any Whistle Blower policy.

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

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

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

G. Stock Code

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

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

I.

1. Listing of Securities

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

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The listing fees for the financial year 2010-11 have been paid to The Bombay Stock Exchange Limited. As far as the other stock exchange is concerned, the Company had applied to them for delisting and the matter is still under consideration. The Company has not paid the listing fees to these exchanges.

2. Market Price & Data

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

Stock price data at BSE

Stock Price Data of BSE (Month wise)	High (Rs.)	Low (Rs.)
April 2010		
May 2010		
June 2010		
July 2010		
August 2010		
September 2010		
October 2010		
November 2010		
December 2010		
January 2011		
February 2011		
March 2011		

— Trading suspended —

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J. Distribution of Shareholding

The pattern of shareholdings among various categories as on 31st March, 2011 is as follows:

Category	Number of shares held	Percentage
Promoters	34,95,800	71.92
Financial Institutions	-	-
Banks	300	0.01
Mutual Funds	-	-
Corporate Bodies	10,000	0.21
Non Resident Indians	-	-
Individuals / Others	13,54,800	27.87

K. Address for Correspondence

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

626, Panchratna, Opera House,
Mumbai – 400 004.

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

L. Committees of the Board

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

M. Management Discussion and Analysis Report (MDA)

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

N. Warning against Insider Trading

Comprehensive guidelines advising and cautioning the management staff and other relevant business associates on the procedure to be followed while dealing with the securities of your Companies are in place. In light of the SEBI [Insider Trading] Amendment Regulations, 2002, a fresh set of guidelines is being issued

Alka DIAMOND INDUSTRIES LIMITED

by the company on the subject. The code of conduct and corporate disclosure practices framed by the company will help in ensuring compliance of the amended regulations.

O. Auditor's Certificate on Corporate Governance

The Company has obtained the certificate from the auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the Listing Agreement with the Stock Exchange, which also attached herewith. This report is annexed to the Directors' Report for the year 2010-11. This certificate will be sent to the stock exchanges, along with the annual return to be filed by the company.

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD

PLACE: - MUMBAI.

DATE : - 02-09-2011

Sd/-

CHAIRMAN & MANAGING DIRECTOR

Alka DIAMOND INDUSTRIES LIMITED

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITION OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)

To
**THE MEMBERS OF
ALKA DIAMOND INDUSTRIES LIMITED,**

We have examined the compliance of conditions of Corporate Governance by **Alka Diamond Industries Limited** for the year ended on 31st march 2011 as stipulated in clause 49 of 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 limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of 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, subject to the following:

The company has not laid down procedures to inform the board members about risk management and minimization requirements. We certify that the company has complied with the conditions of corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For and on behalf of
K. K. Jhunjhunwala & Co.
Chartered Accountants

Sd/-
K. K. Jhunjhunwala
Partner
Membership No. 045154
F. R. No. 111852W

Place: Mumbai
Date: 02.09.2011

Alka DIAMOND INDUSTRIES LIMITED

AUDITORS REPORT

To

The Members of
ALKA DIAMOND INDUSTRIES LIMITED

We have audited the attached Balance sheet of **ALKA DIAMOND INDUSTRIES LIMITED** as at **31ST MARCH 2011** and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India.

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

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 (now herein after referred to as "the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred to in paragraph 1 above we report that:-

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts as required by Law have been kept by the Company, so far as appears from our examinations of the Books;
- c) The Balance-sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts of the Company;
- d) In our opinion the Profit & Loss Account and Balance sheet comply with the requirement of the Accounting standards referred to in Sub Section (3C) of

Alka DIAMOND INDUSTRIES LIMITED

Section 211 of the Companies Act, 1956, except Accounting Standard – 11 on Accounting for effects of Changes in Foreign Exchange Rates. (Refer Note no.6 of Schedule "M")

- e) 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 of the Company is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- I. The Company doesn't have a whole time Company Secretary as on date as required under section 383-A of the Companies Act, 1956.
 - II. Exports related receivables have not been revalued at the exchange rate prevailing at the end of the year in accordance with Accounting Standard 11 issued by the Institute of Chartered Accountants of India.
 - III. Related Party Transactions has not been disclosed separately.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance-sheet and Profit & Loss Account read together with the other notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view :
- 1 In case of the Balance-sheet, of the state of affairs of the Company as at 31st March 2011; and
 - 2 In case of the Profit & Loss Account of the Loss for the year ended on 31st March 2011.

**FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS
FIRM'S REG. NO. 111852W**

**Sd/-
K. K. JHUNJHUNWALA
(PARTNER)
M. No. 045154**

**PLACE : MUMBAI
DATE : 02-09-2011**

Alka DIAMOND INDUSTRIES LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

Re: ALKA DIAMOND INDUSTRIES LTD.

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets.
- (b) All the assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not taken loan from other Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. Nil and the year-end balance of loans taken from such parties was Rs. NIL. There are no firms covered in the register maintained under section 301 of the Companies Act, 1956 to which the Company has granted loans. The maximum amount involved during the year was Rs. nil and the year end balance of loans granted to such parties Rs. Nil

Alka DIAMOND INDUSTRIES LIMITED

- (b) The clause relating to the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 is not applicable.
- (c) Since the company has not taken / granted loans therefore this clause is not applicable.
- (d) Since the company has not taken / granted loans therefore this clause is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, there are a few transactions during the year made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party.
- (vi) The Company has not accepted deposits from directors and public.
- (vii) In our opinion, the Company has adequate internal audit system commensurate with the size and nature of its business.
- (viii) The Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 are not applicable to the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. The Sales Tax Liability of Rs.153464/- is in dispute and the same has not been paid.

Alka DIAMOND INDUSTRIES LIMITED

- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2011 a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are NO dues OF Sale Tax and Income Tax, customs duty, wealth tax, excise duty and cess. The income tax department has levied the penalty u/s. 271(1)(C) amounting to Rs. 11,95,138/-for A. Y. 2001-02. The CIT (A) had deleted this addition but Income Tax Department has filed the appeal in ITAT against This Order. The ITAT again deleted this addition but Income Tax Department has filed the appeal in High Court against this ITAT Order.
- (x) The Company has not incurred cash losses during the financial year, covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or institute in the current year.
- (xii) We are of the opinion that the Company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a *nidhi* mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the company has maintained proper records of transactions and contracts showing full particulars of investments including quantitative details. The company has made entries timely.
- (xv) As explained to us the Company has not given any guarantee for loan taken by others from Banks or Financial Institution.
- (xvi) As explained to us the Company has not taken any Term Loan.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

Alka DIAMOND INDUSTRIES LIMITED

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

**FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS
FIRM'S REG. NO. 111852W**

Sd/-
**K. K. JHUNJHUNWALA
(PARTNER)
M. No. 045154**

**PLACE : MUMBAI
DATE : 02-09-2011**

Alka DIAMOND INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
I. SOURCES OF FUNDS			
Shareholders Fund :			
Equity Capital	"A"	46,723,000	46,723,000
Reserves & Surplus	"B"	41,472,033	40,799,132
Loan Funds			
Secured Loan	"C"	-	-
Unsecured Loan		22,500,000	42,500,000
Deferred Tax Liability (Net) :		2,816	4,546
TOTAL		110,697,849	130,026,678
II. APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	"D"	218,319	1,327,638
Less : Depreciation		209,056	1,312,776
Net Block :		9,263	14,862
Investments		31,184,969	77,430,969
Current Assets, Loans & Advances			
Inventories	"E"	1,932,080	1,932,080
Sundry Debtors	"F"	83,345,713	83,345,713
Cash & Bank Balances	"G"	5,011,886	1,872,108
Loans & Advances	"H"	98,027,502	82,602,519
		188,317,181	169,752,420
Less : Current Liabilities & Provisions	"I"	108,813,565	117,171,573
NET CURRENT ASSETS		79,503,616	52,580,847
Miscellaneous Expenditure		-	-
(To the extent not written off or adjusted)			
TOTAL		110,697,849	130,026,678
NOTES TO THE ACCOUNTS	"L"	-	-

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS
FIRM'S REG. NO. 111852W

Sd/-

K. K. JHUNJHUNWALA
(PARTNER)
M. NO. 045154

PLACE : MUMBAI.

DATE : 02-09-2011

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

Sd/-

MANAGING DIRECTOR

Sd/-

DIRECTOR

Sd/-

DIRECTOR

Alka DIAMOND INDUSTRIES LIMITED

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

PARTICULARS	SCHEDULE	F.Y. 2010-11	F.Y. 2009-10
I. INCOME :			
Income from Operation	"J"	16,285,243	1,093,162
TOTAL INCOME :-		16,285,243	1,093,162
II. EXPENDITURE :			
Purchases		12,580,112	-
Administrative, Selling & Other Exp.	"K"	2,599,289	1,051,282
Depreciation		5,599	52,871
TOTAL EXPENDITURE :-		15,184,999	1,104,153
III. PROFIT BEFORE TAX (PBT)		1,100,244	(10,991)
Less : Provision for Taxation		340,000	-
Add : Deferred Tax		1,730	200,587
IV. PROFIT AFTER TAX (PAT)		761,974	189,596
Less : Prior Year Income Tax		89,073	852,498
		672,901	(662,902)
Add : Balance b/f from previous year		(1,106,819)	(443,917)
V. BALANCE AVAILABLE FOR APPROPRIATIONS		(433,918)	(1,106,819)
Less : Transferred to General Reserves		-	-
		(433,918)	(1,106,819)
Less : Proposed Dividend		-	-
BALANCE TO CARRY FORWARD TO BALANCE-SHEET		(433,918)	(1,106,819)
Basic & Diluted EPS		0.24	N.A.
NOTES TO THE ACCOUNTS	"L"		

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR K. K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS
FIRM'S REG. NO. 111852W

Sd/-

K. K. JHUNJHUNWALA
(PARTNER)
M. NO. 045154

PLACE : MUMBAI.

DATE : 02-09-2011

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

Sd/-

MANAGING DIRECTOR

Sd/-

DIRECTOR

Sd/-

DIRECTOR

Alka DIAMOND INDUSTRIES LIMITED

SCHEDULE TO ACCOUNTS

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
<u>SCHEDULE "A"</u>		
-		
<u>SHARE CAPITAL :-</u>		
-		
<u>Authorised Share Capital</u>		
55,00,000 (Previous Year 55,00,000) Equity Shares of Rs. 10/- each.	55,000,000	55,000,000
<u>Issued & Subscribed</u>		
48,60,900 (Previous Year 48,60,900) Equity Shares of Rs. 10/- each fully paid up.	48,609,000	48,609,000
<u>Paid up Capital</u>		
48,60,900 (Previous Year 48,60,900) Equity Shares of Rs.10/- each. of above Shares 48,160 (Previous year 48,160) Shares have been issued as fully paid up Bonus Shares.	48,609,000	48,609,000
Less :- Allotment Money due on 377200 Equity Shares @ Rs. 5/- each.	1,886,000	1,886,000
	46,723,000	46,723,000
<u>SCHEDULE "B"</u>		
-		
<u>RESERVES & SURPLUS :-</u>		
Balance as per last Balance Sheet	41,905,951	41,905,951
Add :- Transferred from Profit & Loss Account	-	-
Total (I) :-	41,905,951	41,905,951
Profit & Loss Account (B/F)	(1,106,819)	(443,917)
Add :- Currenet Year Balance	672,901	(662,902)
Total (II) :-	(433,918)	(1,106,819)
Total (I + II) :-	41,472,033	40,799,132
<u>SCHEDULE "C"</u>		
-		
<u>LOAN FUNDS</u>		
Secured Loan	-	-
Unsecured Loan	22,500,000	42,500,000
Total :-	22,500,000	42,500,000

Alka DIAMOND INDUSTRIES LIMITED

SCHEDULE "D"

FIXED ASSETS

SR. NO.	DESCRIPTION OF ASSETS	RATE	GROSS BLOCK			DEPRECIATION			NET BLOCK	
			AS AT 01-Apr-10 (RS.)	ADDITION/ (DELETION) (RS.)	AS AT 31-Mar-11 (RS.)	AS AT 01-Apr-10 (RS.)	FOR THE YEAR (RS.)	AS AT 31-Mar-11 (RS.)	AS AT ##### (RS.)	AS AT 31-Mar-10 (RS.)
1	BLOCK - I Safe	18.10%	45,870	-	45,870	44,289	286	44,575	1,295	1,581
2	BLOCK - II Office Equipments *	40%	49,147	-	49,147	41,261	3,154	44,415	4,732	7,886
	Computer		101,070	-	101,070	97,952	1,247	99,199	1,871	3,118
	Camera		11,000	-	11,000	10,622	151	10,773	227	378
	Software		11,232	-	11,232	9,333	760	10,093	1,139	1,899
GRAND TOTAL AS ON 31.03.2011			218,319	-	218,319	203,457	5,599	209,056	9,263	14,862
GRAND TOTAL AS ON 31.03.2010			1,986,119	(658,481)	1,327,638	1,259,905	52,871	1,312,776	14,862	726,214

Alka DIAMOND INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
<u>SCHEDULE "E"</u>		
<u>INVENTORIES :</u>		
[As taken, valued & Certified by Management]		
Gold Standard	1,750,975	1,750,975
Gold Ornaments	181,105	181,105
TOTAL :-	1,932,080	1,932,080
<u>SCHEDULE "F"</u>		
<u>SUNDRY DEBTORS :</u>		
(Unsecured, concidered good)		
Outstanding for a period exceeding Six Months	83,218,913	83,218,913
Others	126,800	126,800
TOTAL :-	83,345,713	83,345,713
<u>SCHEDULE "G"</u>		
<u>CASH & BANK BALANCE</u>		
Cash on hand	15,478	208,797
(As physically verified & certified by Management)		
Balance with Scheduled Banks in -		
Current Account	4,996,408	1,663,311
TOTAL :-	5,011,886	1,872,108
<u>SCHEDULE "H"</u>		
<u>LOANS & ADVNACES</u>		
Inter Corporate Deposits (ICD)	42,310,907	45,732,304
Advances & Deposits	55,285,419	36,608,343
Income Tax	431,176	261,872
TOTAL :-	98,027,502	82,602,519
<u>SCHEDULE "I"</u>		
<u>CURRENT LIABILITIES</u>		
Creditors for goods	108,264,951	116,976,726
Creditors for Expenses	208,614	192,069
Provisions	340,000	2,778
TOTAL :-	108,813,565	117,171,573

Alka DIAMOND INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
<u>SCHEDULE "J"</u>		
-		
<u>INCOME FROM OPERATIONS:-</u>		
Sales	12,669,686	-
Capital Gain	14,119	(1,663,853)
Interest Income	3,595,438	2,747,415
Dividend	6,000	9,600
TOTAL :-	16,285,243	1,093,162
<u>SCHEDULE "K"</u>		
<u>ADMINISTRATIVE & SELLING EXPENSES</u>		
Audit Fees	38,605	38,605
Assortment Charges	270,940	-
Bank Charges	7,120	5,915
Books & Periodicals	21,120	
Conveyance Expenses	162,048	14,455
Directors Remuneration	330,000	330,000
Donation	2,100	-
Electricity exp.	72,000	15,387
Filing Fees	1,500	4,000
General Expenses	10,250	79,820
Legal & Professional Fees	56,684	27,778
Listing Fees	37,519	-
Maintenance Expenses	18,000	26,494
Office Expenses	67,532	58,636
Printing & Stationery	82,008	87,886
Postage & Courier Exp.	19,945	-
RTA Expenses	189,000	-
Rounded-off	(2,756)	(14,577)
Rent	300,000	-
Salary	810,000	288,000
Share Trading Expenses	-	1,901
Staff Welfare Expenses	69,054	48,667
Telephone Expenses	36,620	38,315
TOTAL	2,599,289	1,051,282

Alka DIAMOND INDUSTRIES LIMITED

SCHEDULE "L" NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES :-

1. Basis of Accounting:-

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

2. Fixed Assets:-

All fixed assets are valued at cost less Depreciation.

3. Depreciation:-

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

4. Inventories:-

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

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

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

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

Alka DIAMOND INDUSTRIES LIMITED

5. Foreign Currency Transactions: -

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

6. Revenue Recognition:-

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

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

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

B) NOTES FORMING PART OF THE ACCOUNTS: -

1. Payment to Auditors :-

	<u>As at 31.03.2011</u>	<u>As at 31.03.2010</u>
	(Rs.)	(Rs.)
a) Audit Fees	20,000	20,000
b) Tax Audit Fees	5,000	5,000
c) Certification and Taxation matter	10,000	10,000
d) Service Tax	3,605	3,605
	-----	-----
	38,605	38,605
	=====	=====

2. Managerial Remuneration: -

Director Salary	3,30,000	3,30,000
Director Sitting Fees	-----	-----
	-----	-----
	3,30,000	3,30,000
	=====	=====

Alka DIAMOND INDUSTRIES LIMITED

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

1. Payment against supplies from Small Scale Industrial undertakings are made in accordance with the agreed terms and to the extent ascertained from the available information, there is no overdue amount outstanding for more than 30 days.
2. No Dividend declared in the current year.
3. Balance of Sundry Debtors/Creditors and Loans & Advances are subject to Confirmation/ reconciliation.
4. In the opinion of the board any of the current assets, Loan and Advances etc. have value on realization in ordinary course of business at least equal to the amounts at which they are stated.
5. Previous year's figures have been regrouped, rearranged and recast wherever found necessary.
6. The Company has not revalued export receivables at the exchange rate prevailing at the end of the year and accordingly the debtors are overstated by Rs 50,308/- (previous year 3.95 Lacs overstated) and the profit overstated to the extent of Rs 50,308/- (Previous Year 3.95 Lacs overstated)
7. The company has not revalued import creditors at the exchange rate prevailing at the end of the year and accordingly the creditors are understated and the profit is overstated to the same extent. We are unable to work out the figure as necessary documents were not produced to us.

Alka DIAMOND INDUSTRIES LIMITED

A) DETAILED QUANTITATIVE INFORMATION OF TURNOVER OPENING STOCK, CLOSING STOCK AND GOODS MANUFACTURED/TRADED DURING THE YEAR ENDED 31.03.2011.

PARTICULARS	31 ST MARCH, 2011			31 ST MARCH, 2010	
	UNIT	QUANTITY	VALUE (RS.)	QUANTITY	VALUE (RS.)
1. TURNOVER	Cts	913.97	12580112	NIL	NIL
2. PURCHASE	CTS	913.97	12669686	Nil	NIL
3. MATERIAL CONSUMED		----- Nil -----		----- Nil -----	
4. MANUFACTURED		----- Nil -----		----- Nil -----	
5. OPENING STOCK					
Raw Gold	Gms.	5034.06	17,50,975	5034.06	17,50,975
Gold Jewellery	Gms.	1006.14	1,81,105	1006.14	1,81,105
6. CLOSING STOCK					
Raw Gold	Gms.	5034.06	17,50,975	5034.06	17,50,975
Gold Jewellery	Gms.	1006.14	1,81,105	1006.14	1,81,105
7. PRODUCTION CAPACITY			--N.A.--		-- N.A. --
B) CIF Value of Import			----- Nil -----		----- Nil -----
C) Expenditure in Foreign Currency			----- Nil -----		----- Nil -----
D) Earning in Foreign Currency			----- Nil -----		----- Nil -----
E) Dividend Remitted in Foreign Exchange			----- NIL -----		----- NIL -----

8. Earning Per Share (As per AS – 20)

In accordance with Accounting Standard 20 – Earnings per Share notified by Companies Accounting standard), Rules, 2006, computation of earning per share is set out below:

Sr. No	Particulars	31st March 2011	31st March 2010
i)	Net Profit	1100244	-10991
a)	Number of shares at the beginning of the period	4860900	4860900
b)	Number of shares at the end of the period	4860900	4860900
c)	Weighted average number of shares outstanding during the period	4860900	4860900
ii)	Basic Earning Per Share (In Rs.)	0.24	00
iii)	Diluted Earning Per Share (In Rs.)	0.24	00
iv)	Face Value per Equity Share (In Rs.)	10	10

Alka DIAMOND INDUSTRIES LIMITED

The Company does not have any dilutive potential equity shares. Consequently the basic and diluted earning per share of the Company remain the same.

SIGNATURE TO SCHEDULE A TO L

AS PER OUR REPORT ON EVEN DATE ATTACHED

FOR K. K. JHUNJHUNWALA & CO.

CHARTERED ACCOUNTANTS

FIRM'S REG. NO. 111852

Sd/-

K. K. JHUNJHUNWALA

(PARTNER)

M. NO. 045154

PLACE :- MUMBAI.

DATE :- 02-09-2011

FOR AND ON BEHALF OF THE BOARD

ALKA DIAMOND INDUSTRIES LTD.

Sd/-

MANAGING DIRECTOR

Sd/-

DIRECTOR

Sd/-

DIRECTOR

Alka DIAMOND INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information required to be given in pursuance of Part IV of the Companies Act, 1956

1 Registration Details

Registration No. : CIN - L36911MH1989PLC053685

State Code : 11

Balance-sheet Date : 31st March, 2011

2 Capital Raised during the Year

Public Issue

(Rs. in
Thousand)

--- NIL ---

Bonus Issue

--- NIL ---

Right Issue

--- NIL ---

Private Placement

--- NIL ---

3 Position of Mobilisation and Deployment of Funds

Total Liabilities

219,511.41

Total Assets

219,511.41

Sources of Funds :

Equity Capital

46,723.00

Share Application Money

--- NIL ---

Reserves & Surplus

41,472.03

Secured Loans

-

Unsecured Loans

22,500.00

Deferred Tax Liabilities

2.82

Application of Funds :

Net Fixed Assets

9.26

Net Current Assets

79,503.62

Accumulated Losses

--- NIL ---

Investments

31,184.97

Misc. Expenditure

-

4 Performance of Company

Turnover

16,285.24

Total Expenditure

15,185.00

Profit Before Tax (PBT)

1,100.24

Profit After Tax (PAT)

761.97

Earning Per Share (EPS) Rs.

0.24

Dividend Rate (%)

--- NIL ---

5 Generic names of principal products/services of the Company (as per monetary terms)

a) Item Code No. (ITC Code) : ----- NOT APPLICABLE -----

Product description - ----- NOT APPLICABLE -----

SIGNATURE TO SCHEDULE A TO L

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR K. K. JHUNJHUNWALA & CO.

CHARTERED ACCOUNTANTS

FIRM'S REG. NO. 111852W

FOR AND ON BEHALF OF THE BOARD
OF

ALKA DIAMOND INDUSTRIES LIMITED

Sd/-

K. K. JHUNJHUNWALA

(PARTNER)

M. NO. 045154

Sd/-

MANAGING DIRECTOR

DIRECTOR

Sd/-

PLACE : MUMBAI.

DATE : 02.09.2011

DIRECTOR

Alka DIAMOND INDUSTRIES LIMITED

Certificate of Chief Executive Officer and Chief Financial Officer

We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2011 and that to the best of our knowledge and belief.

1. These Statement do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. These statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. To the best of our knowledge and belief, no transactions entered in to by the Company during the year ended March 31, 2011 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal control system and that we have evaluated the effectiveness of the internal control system of the company and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of internal control system, if any, of which we are aware and steps we have taken or propose to taken to rectify these deficiencies.
5. We further certify that we have indicated to the Auditors and the Audit Committee:
 - a) There have been no significant changes in internal control system during the year.
 - b) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control system.

Chief Executive Officer

Sd/-

Place: Mumbai
Date: 02.09.2011