

# Alka DIAMOND INDUSTRIES LIMITED

23<sup>nd</sup> ANNUAL REPORT

[ FINANCIAL YEAR 2011-2012 ]

# 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

SANAT UPADHYAY – DIRECTOR

## AUDITORS

**M/S. K. K. JHUNJHUNWALA & CO.,**  
CHARTERED ACCOUNTANTS

OFF. NO. 5, 1<sup>ST</sup> FLOOR, GYAN BHAVAN, 336-B, KALBADEVI ROAD, MUMBAI – 400 002.

# Alka DIAMOND INDUSTRIES LIMITED

## NOTICE

**NOTICE** is hereby given that the **23<sup>rd</sup> Annual General Meeting** of the Members of **Alka DIAMOND INDUSTRIES LIMITED** will be held on Friday the 28<sup>th</sup> day of Sept. 2012 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 31<sup>st</sup> March, 2012 and the Statement of 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 Gopal Javda 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.
4. To consider and if thought fit, to pass, with or without modification, the following Resolution as on Ordinary Resolution :-

“RESOLVED THAT Shri Sanat Upadhyay, who was appointed as an Additional Director of the Company in terms of Section 260 of the companies Act, 1956 at the Meeting of the Board of Directors held on 28.07.2012 to hold the office up to the conclusion of then ensuing Annual General Meeting and in respect of whom the Company has received the notice from a member u/s. 257 of the Companies Act. 1956 proposing his candidature for the Office of the Director of the Company, be and hereby appointed as a Director of the Company liable to retire by rotation”.

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD

PLACE :- MUMBAI.

DATE :- 01-09-2012

Sd/-

CHAIRMAN & MANAGING DIRECTOR

# Alka DIAMOND INDUSTRIES LIMITED

## **NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxies duly stamped and executed, must reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 24<sup>th</sup> day of Sept., 2012 to Friday the 28<sup>th</sup> Sept., 2012 (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

Sd/-

CHAIRMAN & MANAGING DIRECTOR

PLACE :- MUMBAI.

DATE :- 01-09-2012

# Alka DIAMOND INDUSTRIES LIMITED

## DIRECTOR'S REPORT

To  
The Shareholders,

Your Directors have pleasure in presenting their 23<sup>rd</sup> ANNUAL REPORT along with the audited annual accounts for the year ended on 31<sup>ST</sup> MARCH, 2012, AND REPORT THAT: -

### FINANCIAL RESULTS

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

(Figures in Lakhs)

PARTICULARS	2011-2012	2010-2011
Sales & Other Income	2,77,18,353	1,62,85,243
Profit Before Tax (PBT)	21,90,596	11,00,243
Provision for Income Tax	6,80,000	340000
Less :- Prior year tax adjustments	99,100	89,073
Deferred Tax	(1,018)	(1730)
Profit After Tax (PAT)	14,12,514	6,72,900
Add :- Balance b/f from the previous year	(4,33,919)	(11,06,819)
Balance available for Appropriation	9,78,595	(4,33,919)
Less :- Transferred to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried to Balance Sheet	9,78,595	(4,33,919)

### 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, Firm Reg. No. 111852W 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

# Alka DIAMOND INDUSTRIES LIMITED

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

## **AUDITOR'S REPORT**

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

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

## **BOARD OF DIRECTORS**

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company 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:

# Alka DIAMOND INDUSTRIES LIMITED

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2012 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2012.
- 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



# Alka DIAMOND INDUSTRIES LIMITED

## **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**

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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 2011-2012 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 : - 01-09-2012

Sd/-

CHAIRMAN & MANAGING DIRECTOR

# Alka DIAMOND INDUSTRIES LIMITED

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

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### 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 2012 and USD 230 billion in 2015.

# Alka DIAMOND INDUSTRIES LIMITED

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

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

## **The Indian Gems and Jewellery Industry**

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

## **Industry Developments**

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

## **Competitive Advantage**

The factors leading to the Indian gems and jewellery industry's growth are many. A near dominance in diamonds and 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

# Alka DIAMOND INDUSTRIES LIMITED

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 2012 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.2,77,18,353/- (previous year Rs.1,62,85,243/-)** for the year ended March 31, 2012

# Alka DIAMOND INDUSTRIES LIMITED

## **Expenditure**

The Company has recorded a total expenditure of Rs 25,88,802/- (previous year Rs.25,99,289) for the year ended March 31, 2012.

## **Net profit before taxes**

The company has recorded a net Profit before taxes Rs. 21,90,596/- (previous year Loss of Rs.11,00,243/-) for the year ended March 31, 2012.

## **Taxes**

Provision for taxes includes current tax liabilities. For the year ended March 31, 2012 the company had current tax liabilities of Rs. 6,80,000/- (Previous year Rs. 3,40,000/-)

BY ORDER OF THE BOARD

For Alka DIAMOND INDUSTRIES LTD

PLACE: - MUMBAI.

DATE : - 01-09-2012

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 31<sup>st</sup> March, 2012**

The Board of Alka Diamond Industries Ltd. consists of 4 Directors, Two of whom are non-executive two are executive. Shri Gopal M. Javda represents 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 is liable to retire by rotation every year and if

# Alka DIAMOND INDUSTRIES LIMITED

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 four Board meetings held during 2011-12:

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

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.

## **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:

# Alka DIAMOND INDUSTRIES LIMITED

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 2011-12, the Board of Director met 8 (Eight) times on the following dates: 30<sup>th</sup> day of April 2011, 30<sup>th</sup> day of July 2011, 18<sup>th</sup> day of August 2011, 29<sup>th</sup> day of October 2011, 24<sup>th</sup> day of December 2011, 30<sup>th</sup> day of January 2012 and 22<sup>nd</sup> day of February 2012

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 four 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 and all the members of the audit committee are independent, non-executive directors.



# Alka DIAMOND INDUSTRIES LIMITED

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

During the Year 2011-12, the Board of Director met 7 (Seven) times on the following dates: 30<sup>th</sup> day of April 2011, 30<sup>th</sup> day of July 2011, 18<sup>th</sup> day of August 2011, 29<sup>th</sup> day of October 2011, 24<sup>th</sup> day of December 2011, 30<sup>th</sup> day of January 2012 and 22<sup>nd</sup> day of February 2012. 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.

# Alka DIAMOND INDUSTRIES LIMITED

## b. Meetings and Attendance and Topics Discussed.

During 2011-12 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 2011-12.

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

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.

# Alka DIAMOND INDUSTRIES LIMITED

## II. Investors Complaints received and resolved during the Year

During 2011-12 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 <sup>th</sup> Annual General Meeting	30 <sup>th</sup> Sept. 2004	233, Panchratna, Opera House, Mumbai – 400 004.	10.30A.M.
16 <sup>th</sup> Annual General Meeting	30 <sup>th</sup> Sept. 2005	233, Panchratna, Opera House, Mumbai – 400 004.	10.30 A.M.
17 <sup>th</sup> Annual General Meeting	30 <sup>th</sup> Sept. 2006	233, Panchratna, Opera House, Mumbai – 400 004.	10.30 A.M.
18 <sup>th</sup> Annual General Meeting	30 <sup>th</sup> Sept. 2007	233, Panchratna, Opera House, Mumbai – 400 004.	10.30 A.M.
19 <sup>th</sup> Annual General Meeting	29 <sup>th</sup> Sept. 2008	233, Panchratna, Opera House, Mumbai – 400 004.	10.30 A.M.
20 <sup>th</sup> Annual General Meeting	30 <sup>th</sup> Sept., 2009	233, Panchratna,	10.30 A. M.

REGD. OFF.: 626, PANCHRATNA, M P ROAD, OPERA HOUSE, MUMBAI – 400 004

# Alka DIAMOND INDUSTRIES LIMITED

Meeting		Opera House, Mumbai - 400004	
21 <sup>st</sup> Annual General Meeting	30th Sept., 2010	626, Panchratna, Opera House, Mumbai - 400 004	10.30 A. M.
22 <sup>nd</sup> Annual General Meeting	30th Sept., 2011	626, Panchratna, Opera House, Mumbai - 400 004	10.30 A. M.
23 <sup>rd</sup> Annual General Meeting	28th Sept., 2012	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.

# Alka DIAMOND INDUSTRIES LIMITED

## **Review of Directors' Responsibility Statement:**

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

## **Penalties and Structures:**

No penalty or structure was imposed on the Company by any 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 : 28<sup>th</sup> September, 2012  
Place : 626, Panchratna,  
Opera House,  
Mumbai – 400 004.  
Maharashtra.  
Time : 10.30 a.m.

# Alka DIAMOND INDUSTRIES LIMITED

## **B. Financial Calendar**

Year Ending Date	:	31 <sup>st</sup> March, 2012
Mailing of Annual reports	:	3 <sup>RD</sup> Sept, 2012
Annual General Meeting of the Company	:	28 <sup>th</sup> Sept., 2012
Unaudited first quarter financial results	:	30 <sup>th</sup> July, 2011
Unaudited second quarter financial results	:	29 <sup>th</sup> Oct., 2011
Unaudited third quarter financial results	:	31 <sup>st</sup> Jan., 2012

## **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 24<sup>th</sup> day of September, 2012 to 28<sup>th</sup> day of September, 2012 both days inclusive.

## **E. Registrar and Share Transfer Agent**

**Sharex (India) Private Limited**

SEBI REG. No. : INR000002102

Registered Office:

17/B, Dena bank Building, 2<sup>nd</sup> Floor,

Horniman Circle, Fort,

Mumbai – 400 001.

Tel. : 022-2270 2485 / 2264 1376

Fax. : 022-2264 1349

Website : [www.sharexindia.com](http://www.sharexindia.com)

Email : [sharexindia@vsnl.com](mailto: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.

# Alka DIAMOND INDUSTRIES LIMITED

## 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.

## 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.

# Alka DIAMOND INDUSTRIES LIMITED

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

I.

1. Listing of Securities

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

The listing fees for the financial year 2011-12 have been paid to The Bombay Stock Exchange Limited along with penalty / other liability as per listing agreement. As far as the other stock exchange is concerned, the Company had applied to them for listing and the matter is under development. The Company has paid the listing fees to Bombay Stock Exchange.

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 2011		
May 2011		
June 2011		
July 2011		
August 2011		
September 2011		
October 2011		
November 2011		
December 2011		
January 2012		
February 2012		
March 2012		

**Trading Suspended**



# Alka DIAMOND INDUSTRIES LIMITED

## J. Distribution of Shareholding

The pattern of shareholdings among various categories as on 31<sup>st</sup> March, 2012 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

# Alka DIAMOND INDUSTRIES LIMITED

Trading] Amendment Regulations, 2002, a fresh set of guidelines is being issued by the company on the subject. The code of conduct and corporate disclosure practices framed by the company will help in ensuring compliance of the amended regulations.

## **O. Auditor's Certificate on Corporate Governance**

The Company has obtained the certificate from the auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the Listing Agreement with the Stock Exchange, which also attached herewith. This report is annexed to the Directors' Report for the year 2011-12. 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 : - 01-09-2012

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 31<sup>st</sup> march 2012 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 K. K. Jhunjhunwala & Co.  
Chartered Accountants  
Firm Reg. No. 111852W

Sd/-

K. K. Jhunjhunwala  
Partner  
Mem. No. 045154

Place :- Mumbai

Date :- 01.09.2012

# 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 **31<sup>ST</sup> MARCH 2012** and also the Statement of 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 Statement of Profit & Loss Account dealt with by this report are in agreement with the books of accounts of the Company;
- d) In our opinion the Statement of Profit & Loss Account and Balance sheet comply with the requirement of the Accounting standards referred to in Sub Section (3C)

# Alka DIAMOND INDUSTRIES LIMITED

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

- e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2012, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2012 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 Statement of 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 31<sup>st</sup> March 2012; and
  - 2 In case of the Statement of Profit & Loss Account of the Profit for the year ended on 31<sup>st</sup> March 2012.

FOR K. K. JHUNJHUNWALA & CO.  
CHARTERED ACCOUNTANTS  
FIRM'S REG. NO. 111852W  
Sd/-

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

PLACE : MUMBAI  
DATE : 01-09-2012

# 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
  - (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.

# Alka DIAMOND INDUSTRIES LIMITED

- (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.  
  
(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 31<sup>st</sup> March 2012 a period of more than six months from the date they became payable.

# Alka DIAMOND INDUSTRIES LIMITED

- (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.
- (xix) Company has not raised funds by loans.
- (xx) The Company has not raised funds by public issue during the year under audit.



# Alka DIAMOND INDUSTRIES LIMITED

(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 : 01-09-2012

# Alka DIAMOND INDUSTRIES LIMITED

ALKA DIAMOND INDUSTRIES LTD

BALANCE SHEET AS ON 31ST MARCH 2012

PARTICULARS	NOTE NO.	AS ON 31.03.2012	AS ON 31.03.2011
<b>I. EQUITY &amp; LIABILITIES</b>			
1. Shareholders Fund			
(a) Share Capital	1	46,723,000	46,723,000
(b) Reserve & Surplus	2	42,884,546	41,472,032
(c) Money received against share warrant			
2. Share Application Money Pending Allotment		-	-
3. Non-Current Liabilities			
(a) Long-term borrowings	3	41,220,000	22,500,000
(b) Other long term Liabilities		-	-
4. Current Liabilities			
(a) Short -term borrowings		-	-
(b) Trade Payables	4	45,763,352	108,264,951
(c) Other current Liabilities		-	-
(d) Deferred Tax Liability (Net)		1,798	2,816
(e) Short-term provisions	5	892,835	548,614
TOTAL		177,485,531	219,511,413
<b>II. ASSETS</b>			
1. Non-current assets			
(a) Fixed assets			
i) Tangible Assets	6	5,842	9,263
ii) Intangible Assets		-	-
iii) Capital Work-In-Progress		-	-
iv) Intangible assets under development			
(b) Non-current Investments :		39,418,245	31,184,969
(c) Deferred tax assets(net)		-	-
(d) Long-term loans & advances		-	-
(e) Other non-current assets		-	-
2. Current Assets			
(a) Current Investment		-	-
(b) Inventories	7	1,932,080	1,932,080
(c) Trade Receivables	8	60,688,452	83,345,713
(d) Cash & Cash Equivalents	9	1,542,891	5,011,886
(e) Short-term Loans & Advances	10	73,898,021	98,027,502
(f) Other current assets		-	-
TOTAL		177,485,531	219,511,413
Notes forming part of the financial statements	13	-	-

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 : 01.09.2012

For and on behalf of the  
Board of Directors  
ALKA DIAMOND  
INDUSTRIES LTD

Sd/-  
DIRECTOR

Sd/-  
DIRECTOR

**REGD. OFF.: 626, PANCHRATNA, M P ROAD, OPERA HOUSE, MUMBAI – 400 004**

# Alka DIAMOND INDUSTRIES LIMITED

## ALKA DIAMOND INDUSTRIES LTD

### STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012.

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
1. Revenue from Operation		20,513,650	12,669,686
2. Other Income	11	7,204,703	3,615,557
3. Total Revenue ( 1 + 2 )		27,718,353	16,285,243
4. Expenses			
Purchase		22,935,533	12,580,112
Employee Benefit Expenses		714,146	1,209,054
Finance Cost		15,887	7,120
Depreciation		3,422	5,599
Other expenses	12	1,858,769	1,383,115
Total Expenses		25,527,757	15,185,000
5. Profit before tax ( 3 - 4 )		2,190,596	1,100,243
6. Tax Expenses			
Current Tax expense for current year		680,000	340,000
Current Tax expense relating to prior years		99,100	89,073
Deferred tax credit ( Net )		(1,018)	(1,730)
7. Profit after tax ( 5 - 6 )		1,412,514	672,900
8. Profit /(Loss) brought forward		(433,919)	(1,106,819)
9. Less : Transeferred to General Reserve		-	
10. Profit /(Loss) carried to Balance Sheet		978,595	(433,919)
11. Earnings per Equity Share			
- Basic		0.29	0.23
- Diluted		0.29	0.23
- Face value per Equity Share		10.00	10.00
Notes forming part of the financial statements	13		

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 Directors  
ALKA DIAMOND INDUSTRIES LTD

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

Sd/-  
DIRECTOR

Sd/-  
DIRECTOR

Place : Mumbai  
Date : 01.09.2012

# Alka DIAMOND INDUSTRIES LIMITED

ALKA DIAMOND INDUSTRIES LTD

NOTES TO THE FINANCIAL STATEMENT

**NOTE 1 :- SHARE CAPITAL**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<u>Authorised</u> 55,00,000 (Previous Year 55,00,000) Equity Shares of Rs. 10/- each	55,000,000	55,000,000
	55,000,000	55,000,000
<u>Subscribed &amp; paid up</u> 48,60,900 (Previous Year 48,60,900) Equity Shares of Rs. 10/- each	48,609,000	48,609,000
Less :- Allotment Money due on 377200 Equity Shares @5/- each	1,886,000	1,886,000
<b>TOTAL :-</b>	<b>46,723,000</b>	<b>46,723,000</b>

**NOTE 2 :- RESERVES & SURPLUS :-**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
I. Securities Premium Account		
Opening Balance	-	-
Add :- Current year transfer	-	-
Closing Balance ( I )	-	-
II. General Reserve		
Opening Balance	41,905,951	41,905,951
Add : Transferred (To)/ From	-	-
Closing Balance ( II )	41,905,951	41,905,951
III. Surplus in the Statement of Profit & Loss Account		
Opening Balance	(433,919)	(1,106,819)
Add : Transferred from P & L A/c	1,412,514	672,900
Closing Balance ( III )	978,595	(433,919)
<b>Total ( I + II + III )</b>	<b>42,884,546</b>	<b>41,472,032</b>

**NOTE 3 :- LONG-TERM BORROWINGS :-**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<u>SECURED LOAN</u>		
From Banks	-	-
Others	-	-
<u>UNSECURED LOAN</u>		
From Corporates	39,220,000	20,500,000
Others	2,000,000	2,000,000
<b>TOTAL :-</b>	<b>41,220,000</b>	<b>22,500,000</b>

**REGD. OFF.: 626, PANCHRATNA, M P ROAD, OPERA HOUSE, MUMBAI – 400 004**

# Alka DIAMOND INDUSTRIES LIMITED

**NOTE 4 :- TRADE PAYABLES**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
Creditors for Goods	45,763,352	108,264,951
<b>TOTAL :-</b>	<b>45,763,352</b>	<b>108,264,951</b>

**NOTE 5 :- SHORT TERM PROVISIONS**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
Audit Fees Payable	55,871	55,150
Sales Tax Payable	153,464	153,464
Prov. for Income Tax (A. Y. 2012-13)	680,000	-
Prov. for Income Tax (A. Y. 2011-12)	-	340,000
TDS Payable	3,500	-
<b>TOTAL :-</b>	<b>892,835</b>	<b>548,614</b>

**NOTE 6 FIXED ASSETS**

DESCRIPTION OF ASSETS	RATE OF DEP. %	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
		AS AT 01.04.11 (Rs.)	ADDITIONS / (DISPOSAL) (Rs.)	ACQUIRED THROUGH BU. COMBINATIONS	AS AT 31.03.12 (Rs.)	AS AT 01.04.11 (Rs.)	FOR THE YEAR (Rs.)	ON DISPOSALS	AS AT 31.03.12 (Rs.)	AS AT 31.03.12 (Rs.)	AS AT 31.03.11 (Rs.)
<b>I. TANGIBLE ASSETS</b>											
Safe	18.10%	45,870	-	-	45,870	44,575	234	-	44,809	1,061	1,295
Office Equipments	40.00%	49,147	-	-	49,147	44,415	1,893	-	46,308	2,839	4,732
Computer	40.00%	101,070	-	-	101,070	99,199	748	-	99,947	1,123	1,871
Camera	40.00%	11,000	-	-	11,000	10,773	91	-	10,864	136	227
<b>II. INTANGIBLE ASSETS</b>											
Software	40.00%	11,232	-	-	11,232	10,093	456	-	10,549	683	1,139
GRAND TOTAL AS ON 31.03.2012		218,319	-	-	218,319	209,055	3,422	-	212,477	5,842	9,264
GRAND TOTAL AS ON 31.03.2011		218,319	-	-	218,319	203,457	5,599	-	209,056	9,263	14,862

# Alka DIAMOND INDUSTRIES LIMITED

**NOTE 7 :- INVENTORIES**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
[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

**NOTE 8 :- TRADE RECEIVABLES**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
Aggregate amount of trade receivables for a period exceeding six months	60,561,652	83,218,913
Others	126,800	126,800
TOTAL :-	60,688,452	83,345,713

**NOTE 9 :- CASH & CASH EQUIVALENTS**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
a. Balances with Current Accounts		
Axis Bank Ltd	526,287	-
Canara Bank	18,045	4,892,198
The Bhart Co-op. Bank Ltd	126,677	-
Union Bank of India	5,914	104,210
b. Cheques, draft on hand	-	-
c. Cash on hand	865,968	15,478
TOTAL :-	1,542,891	5,011,886

# Alka DIAMOND INDUSTRIES LIMITED

**NOTE 10 :-SHORT TERM LOANS & ADVANCES**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
Inter Corporate Deposits (ICD)	34,384,810	42,310,907
Advances & Deposits	39,190,097	55,285,419
Income Tax	323,114	431,176
<b>TOTAL :-</b>	<b>73,898,021</b>	<b>98,027,502</b>

**NOTE 11 :- OTHER INCOME**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
Capital Gain	304,046	14,119
Interest Income	4,090,332	3,595,438
Exchange Difference	2,803,325	-
Other Income	7,000	6,000
<b>TOTAL :-</b>	<b>7,204,703</b>	<b>3,615,557</b>

# Alka DIAMOND INDUSTRIES LIMITED

**NOTE 12 :- OTHER EXPENSES**

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
Audit Fees	39,326	38,605
Assortment Charges	-	270,940
Books & Periodicals	-	21,120
Conveyance Expenses	218,870	162,048
Donation	11,000	2,100
Electricity exp.	32,114	72,000
Filing Fees	7,525	1,500
General Expenses	6,740	10,250
Legal & Professional Fees	99,727	56,684
Listing Fees	1,049,927	37,519
Maintenance Expenses	-	18,000
Office Expenses	144,721	67,532
Printing & Stationery	135,450	82,008
Postage & Courier Exp.	14,620	19,945
RTA Expenses	39,891	189,000
Rounded-off	(25)	(2,756)
Rent	24,000	300,000
Telephone Expenses	34,883	36,620
<b>TOTAL :-</b>	<b>1,858,769</b>	<b>1,383,115</b>



# Alka DIAMOND INDUSTRIES LIMITED

## NOTE "13" FORMING PART OF THE FINANCIAL STATEMENT

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENT

#### 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 FINANCIAL STATEMENTS: -

### 1. Payment to Auditors :-

	<u>As at 31.03.2012</u>	<u>As at 31.03.2011</u>
	(Rs.)	(Rs.)
a) Audit Fees	20,000	20,000
b) Tax Audit Fees	5,000	5,000
c) Certification and Taxation matter	10,000	10,000
d) Service Tax	4,326	3,605
	-----	-----
	39,326	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 68,92,362/- (previous year 0.5 Lacs overstated) and the profit overstated to the extent of Rs 68,92,362/- (Previous Year 0.50 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 31.03.2012.

PARTICULARS	31 <sup>ST</sup> MARCH, 2012			31 <sup>ST</sup> MARCH, 2011	
	UNIT	QUANTITY	VALUE (RS.)	QUANTITY	VALUE (RS.)
<b>1. TURNOVER</b>	Cts	2818.17	20513650	913.97	12580112
<b>2. PURCHASE</b>	CTS	2818.17	22935533	913.97	12669686
<b>3. MATERIAL CONSUMED</b>		----- Nil -----		----- Nil -----	
<b>4. MANUFACTURED</b>		----- Nil -----		----- Nil -----	
<b>5. OPENING STOCK</b>					
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
<b>6. CLOSING STOCK</b>					
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
<b>7. PRODUCTION CAPACITY</b>			--N.A.--		-- N.A. --
<b>B) CIF Value of Import</b>			----- Nil -----		----- Nil -----
<b>C) Expenditure in Foreign Currency</b>			----- Nil -----		----- Nil -----
<b>D) Earning in Foreign Currency</b>			----- Nil -----		----- Nil -----
<b>E) Dividend Remitted in Foreign Exchange</b>			----- 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 2012	31st March 2011
i)	Net Profit	2190596	1100244
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.)	0.29	0.24
iii)	Diluted Earning Per Share (In Rs.)	0.29	0.24
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 NOTE 1 TO 13

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

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

Sd/-

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

Sd/-

MANAGING DIRECTOR

Sd/-

DIRECTOR

PLACE :- MUMBAI.

DATE :- 01-09-2012

Sd/-

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, 2012 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, 2012 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: 01.09.2012