



**suashish**  
Suashish Diamonds Limited

**22<sup>ND</sup> ANNUAL REPORT 2009-10**

# Suashish Diamonds Limited

## GENERAL INFORMATION

### BOARD OF DIRECTORS

Mr. Rameshkumar S. Goenka	Chairman
Mr. Ashish R. Goenka	Managing Director
Mr. Rajeshkumar R. Kedia	Whole-time Director
Mr. Kamal R. Gupta	Non - Executive Director
Mr. Shailesh S. Vaidya	Non - Executive Director
Mr. Nilesh Mehta	Non - Executive Director

### COMPANY SECRETARY

Mr. Srikant Mohan

### SOLICITORS

M/s. Kanga & Co.  
Advocates, Solicitors & Notary

### AUDITORS

M/s. Suresh Surana & Associates  
Chartered Accountants

### BANKERS

Axis Bank Ltd.  
Corporation Bank  
Andhra Bank  
Bank of Baroda  
Central Bank of India  
Societe Generale  
State Bank of Hyderabad  
Union Bank of India  
HDFC Bank Ltd.

### REGISTERED OFFICE

11<sup>th</sup> Floor, Mehta Mahal  
15 Mathew Road  
Opera House  
Mumbai - 400 004  
Tel: 022- 4040 1111 (200 Lines)

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Sharepro Services (India) Private Limited  
Satam Industrial Estate, 3<sup>rd</sup> Floor  
Above Bank of Baroda  
Cardinal Gracious Road  
Chakala, Andheri (East)  
Mumbai - 400 099  
Tel: 022 - 6722 0300 / 0400

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## Notice

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of **SUASHISH DIAMONDS LIMITED** will be held at Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6<sup>th</sup> Floor, 12, K. Dubhash Marg, Fort Mumbai – 400 001 on Wednesday, the 29<sup>th</sup> day of September, 2010 at 11.00 a.m. to transact the following business:

### Ordinary Business:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010, the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Kamal R. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint M/s. Suresh Surana & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

### Special Business:

- 4) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** Mr. Nilesh Mehta, who was appointed as an Additional Director of the Company with effect from 1<sup>st</sup> July, 2010 in terms of Section 260 of the Companies Act, 1956 read with Article No. 111 of the Articles of Association of the Company to hold office upto the conclusion of the ensuing Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

### 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the commencement of the meeting.
- 2) Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business in the Notice is annexed herewith.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 23<sup>rd</sup> September, 2010 to Wednesday, 29<sup>th</sup> September, 2010 (both days inclusive).
- 4) Members desiring any information on the Accounts and Operations of the Company are requested to send their queries to the Company at least 7 days before the Annual General Meeting, so that the information can be made available at the Annual General Meeting.
- 5) Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their Bank details, Mandates, Nominations, Power of Attorney, Change of Address/Name etc. to their Depository Participant only and not the Company's Registrar and Share Transfer Agents.
- 6) Members holding shares in physical mode are requested to intimate the above changes to the Company's Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited, Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400 099.
- 7) Those members who have not claimed Dividend / Encashed their Dividend Warrants for the Financial Years 2004, 2005, 2006 and 2007-2008 may write / return the time barred Dividend Warrant to the Company for revalidation or issue of Duplicate Dividend Warrants.

Pursuant to the provision of Section 205A and 205C of the Companies Act, 1956, as amended, dividend for the Financial Year 2004 and thereafter which remain Unpaid / Unclaimed for a period of seven years from the dates they became due for payment are required to be transferred to the Investor Education and Protection Fund of the Central Government.

It may kindly be noted that once the Unpaid / Unclaimed Dividend is transferred to the Central Government, as mentioned above, no claim shall lie in respect thereof.

- 8) Pursuant to Circular No. SEBI/CFD/DIL/LA/2/2007/26/4 dated 26<sup>th</sup> April, 2007, issued by the Securities and Exchange Board of India, the statement containing the salient features of the balance sheet, profit and loss account and auditors' report (Financial Statements), is sent to the members along with the Consolidated Financial statements. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.

By Order of the Board

**Ashish R. Goenka**  
Managing Director

**Registered Office:**

Mehta Mahal, 11<sup>th</sup> Floor  
15, Mathew Road  
Opera House  
Mumbai – 400 004  
Mumbai, 10<sup>th</sup> August, 2010

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 SETTING OUT ALL THE MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED AT ITEM NO. 4 OF THE NOTICE DATED 10<sup>TH</sup> AUGUST, 2010.**

**Item No. 4**

Mr. Nilesh Mehta was appointed by the Board of Directors as an Additional Director of the Company with effect from 1<sup>st</sup> July, 2010, in terms of Section 260 of the Companies Act, 1956. Mr. Mehta is a Chartered Accountant and has also obtained a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.

Mr. Nilesh Mehta has over 20 years of expertise in the field of Financial Services like Investment banking, Venture Capital / Private Equity and Corporate Strategy. Mr. Mehta also advises the Domestic and International Investors on alternate / private equity investments in India. Mr. Mehta managed the business of Aureos Capital in India as co - Head and the Managing Partner from year 2005 to 2010. Mr. Mehta has also been the General Partner of EIndia Venture Fund / Infinity II, where he lead four IT – related investments in India / United States.

Mr. Mehta holds office up to the date of the Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company proposing Mr. Nilesh Mehta as a candidate for the office of Director, liable to retire by rotation.

The Board of Directors is of the view that the services of Mr. Nilesh Mehta will be of immense value to the Company. Your Directors, therefore, recommend his appointment as Director of the Company.

None of the Directors except Mr. Nilesh Mehta is concerned or interested in the said resolution.

By Order of the Board

**Ashish R. Goenka**  
Managing Director

**Registered Office:**

Mehta Mahal, 11<sup>th</sup> Floor  
15, Mathew Road  
Opera House  
Mumbai – 400 004  
Mumbai, 10<sup>th</sup> August, 2010

## Suashish Diamonds Limited

### Profile of Directors being appointed / re-appointed as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges

Name of the Director	<b>Kamal R. Gupta</b>
Date of Birth	22 <sup>nd</sup> December, 1941
Date of Appointment	31 <sup>st</sup> January, 2002
Qualification	B.Com. (Hons.), LL.B
Expertise	Industrialist
Directorship of other Companies	Nil
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Chairman - Audit Committee Chairman - Shareholders'/ Investors' Grievance Committee Chairman - Share Transfer Committee

Name of the Director	<b>Nilesh Mehta</b>
Date of Birth	24 <sup>th</sup> April, 1962
Date of Appointment	1 <sup>st</sup> July, 2010
Qualification	Chartered Accountant and PG Diploma in Management from Indian Institute of Management, Ahmedabad
Expertise	Overall experience in the area of Financial Services like Investment Banking, Venture Capital / Private Equity and Corporate Strategy
Directorship of other Companies	1. Panchalmahal Steel Ltd. 2. Jyothy Laboratories Ltd. 3. EIndia Venture Fund Ltd. 4. EIndia Venture Fund Management Ltd. 5. EIndia Venture Holding Co. Ltd.
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Nil

# Directors' Report

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

## Financial Results

	(Rupees in million)	
	<b>2009 -10</b>	2008-09
<b>Sales and other income</b>	<b>13,360.12</b>	7,074.88
Operating profit before interest and depreciation	<b>921.81</b>	(540.99)
Less: Interest	—	—
Depreciation	<b>27.30</b>	32.18
Profit / (Loss) before exceptional item & tax	<b>894.51</b>	(573.17)
Less: Exceptional items:		
Investment written off	—	(38.50)
Share application money written-off	—	(37.29)
Profit / (Loss) after exceptional item and before taxation	<b>894.51</b>	(648.96)
Less: Provision for Tax	<b>139.85</b>	—
Deferred Tax (Benefit) / Expenses	<b>74.97</b>	(53.43)
Mat Credit Entitlement	<b>(24.40)</b>	—
Fringe Benefit Tax	—	2.60
Provision for Wealth-tax	<b>0.10</b>	0.13
Profit / (Loss) after tax	<b>703.99</b>	(598.26)
Prior year income/ (expenses)	—	—
Prior year tax adjustment	<b>(5.17)</b>	0.07
Balance brought forward from the previous year	<b>1809.47</b>	2407.66
Profit available for Appropriation	<b>2508.29</b>	1809.47
<b>Appropriations:</b>		
Balance carried to Balance Sheet	<b>2508.29</b>	1809.47
Earnings per share	<b>33.91</b>	(28.81)

## Operations

Your Company recorded a gross sales of Rs.1,267 crores during the current accounting period ended 31<sup>st</sup> March, 2010 as against Rs.770 crores for the previous year exhibiting a robust growth of 65%.

The Profit Before Tax (PBT) for the current accounting period was Rs. 89.45 crores (loss of Rs.64.89 crores for year ended 31<sup>st</sup> March, 2009) and the Profit After Tax (PAT) of Rs. 70.40 crores (loss of Rs.59.83 crores for the year ended 31<sup>st</sup> March, 2009).

## Dividend

Keeping in mind the need to conserve resources, your Directors do not recommended any dividend for the year ended 31<sup>st</sup> March, 2010.

## Auditors' Observation

As regards Auditors' observation for Valuation of Inventories as stated in paragraph 4(d) of Auditors' Report, Members may read Note no. 3 of Schedule 17 Accounting policies and Notes forming part of the Accounts, which is self-explanatory.

## Subsidiary Companies

The following companies are the subsidiary companies of Suashish Diamonds Limited:

Suashish Diamonds (Hong Kong) Limited, Suashish Jewels Inc., Suashish Diamonds (Botswana) (Proprietary) Limited, Suashish Jewelry India Limited, Suashish Diamonds (Shanghai) Limited and Suashishstar Inc.

All the above subsidiary companies are non-material, non-listed subsidiary companies as defined under clause 49 of the Listing Agreement entered into with the Stock Exchange.

## **Suashish Diamonds Limited**

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### **Report under Section 212(6) of the Companies Act, 1956**

The Financial Statements of one subsidiary of the Company i.e. Suashishstar Inc.,U.S.A. for the financial year ended 31<sup>st</sup> March, 2010 were not available to the company as the said subsidiary went into dispute with the other joint venture partner and the matter is still under litigation in spite of our efforts to resolve the same. Due to the aforesaid reasons, the Accounts and other Inventory details of the said subsidiary were not available / received. Hence, the Financial Statements of the said Subsidiary could not be considered in preparation of the Consolidated Financial Statements of the Company. Further, the information required to be given pursuant to the requirements of section 212 of the Companies Act, 1956 could not be attached herewith on account of above reasons.

Audited Accounts of the subsidiaries along with the statement under section 212 of the Companies Act, 1956 are attached herewith and forms part of this Annual Report.

### **Fixed Deposits**

The company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

### **Directors**

Mr. Kamal R. Gupta retires by rotation at the ensuing Annual General Meeting and offers himself for re-appointment. The Board of Directors recommends his re-appointment.

Mr. Nilesh Mehta who was appointed as an Additional Director with effect from 1<sup>st</sup> July, 2010 holds office up to the date of ensuing Annual General Meeting. A notice in writing has been received from a member of the company under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Nilesh Mehta for the office of the Director of the Company. The Board of Directors recommends his appointment.

Your Board of Directors note with deep regret the sad demise of Mr. Mayank P. Bajaj, Director of the Company on 13<sup>th</sup> November, 2009. Your Directors place on record their deep sense of appreciation for the valuable services rendered by him to the Company during the tenure of his office.

Information on the above Directors sought to be appointed / re-appointed is annexed to the Notice convening the 22<sup>nd</sup> Annual General Meeting of the Company, inconsonance with the requirement of Clause 49 of the Listing Agreement.

Your Directors recommend the appointment /re-appointment of the above mentioned Directors respectively.

### **Directors' Responsibility Statement**

Your Directors confirm:

- (i) that in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2010, the applicable Accounting Standards have been followed;
- (ii) that the Directors had selected such Accounting Policies and applied them consistently, and have 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 at 31<sup>st</sup> March, 2010 and of the profit or Loss of the Company for the year ended 31<sup>st</sup> March, 2010;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Annual Accounts for the year ended 31<sup>st</sup> March, 2010 have been prepared on a going concern basis.

### **Cash Flow and Consolidated Financial Statements**

As required by clause 32 of the Listing Agreement, Cash Flow Statement and Consolidated Financial Statements are appended.

### **Corporate Governance**

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance along with a Certificate of Compliance from the Auditors, Management and Discussion and Analysis Report and a declaration by the Managing Director pursuant to Clause 49(1) (ii) of the Listing Agreement stating that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2010 are appended herewith.

### **CEO - CFO Certification**

Pursuant to the requirement of Clause 49 of the Listing Agreement, a certificate as received by the Board of Directors of your Company from the Managing Director and the Chief Financial Officer of your Company is appended.

**Auditors**

M/s. Suresh Surana & Associates, Chartered Accountants, the Auditors of the Company retires at the ensuing Annual General Meeting and are eligible for re-appointment.

**Delisting**

The delisting proposal from Mr. Ashish Goenka, Acquirer, failed as the Discovered Price was not accepted by the Acquirer. Hence the equity shares of your Company continues to be listed on the Bombay Stock Exchange.

**Particulars of Employees**

Particulars of employees as required to be furnished pursuant to Section 217 (2A) of the Companies Act, 1956 read with the rules thereunder, form part of this Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the reports and accounts are being sent to all the shareholders of your company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy may write to Company Secretary of your company at the Registered Office of the Company.

**Conservation of Energy, Technology and Foreign Exchange Earnings and Outgo**

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure to this report.

**Acknowledgement**

Your Board of Directors express their sincere appreciation for the dedicated service and contribution made by the employees towards the growth of the Company.

The Board of Directors wish to place on record their appreciation and sincere gratitude to the various departments of Government, Banks, Shareholders, Diamond Trading Company (DTC) and Rio Tinto for their continued support and co-operation.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 10<sup>th</sup> August, 2010

**Ashish R. Goenka**  
Managing Director

**Rajeshkumar Kedia**  
Whole-time Director



**ANNEXURE TO DIRECTORS' REPORT**

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of the Report of the Directors.

**A. Conservation of energy**

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

**B. Technology Absorption**

Research & Development (R&D): The Company carries out R&D in several areas like developing new range of products, Kerfing, Bruiting and Sawing techniques and other manufacturing process etc.

Technology Absorption, Adaptation and Innovation: The Company has not imported any technology.

**C. Foreign Exchange Earnings and Outgo**

	(Rs. in million)	
	<b>2009-10</b>	2008 - 09
Earnings in Foreign Exchange	<b>10440.36</b>	5127.24
Expenditure in Foreign Exchange	<b>10268.39</b>	6566.97

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 10<sup>th</sup> August, 2010

**Ashish R. Goenka**  
Managing Director

**Rajeshkumar Kedia**  
Whole-time Director

# Report on Corporate Governance

## 1. Philosophy on Code of Governance

The Company is committed to the prudent business practices, policies and compliance with the laws and regulations leading to effectual control and management of the organization resulting in augmentation of intrinsic values of the people associated with it.

## 2. Board of Directors

The Board comprises of six members and has an optimum combination of Executive and Non-Executive Directors and Independent Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges in this regard. The Chairman of the Board is a Non- Executive Director and forms part of the Promoter Group. As such 50% of the Board should be Non-Executive Director. Mr. Mayank P. Bajaj, Non-Executive Director expired on 13<sup>th</sup> November, 2010. Mr. Nilesh Mehta was appointed on the Board of the Company as an Additional Director with effect from 1<sup>st</sup> July, 2010. During the period from 14<sup>th</sup> November, 2009 until 30<sup>th</sup> June, 2010, the Board was not optimum.

The details about constitution of the Board, Directorship held in other Public Limited Companies and the attendance at the Board Meetings and Annual General Meeting are given below:

Name of the Director	Executive/ Non-Executive/ Independent/ Promoter	No. of Board Meetings attended	Attended Annual General Meeting	No. of Directorships held in other Public Limited Companies #
Rameshkumar S. Goenka (Chairman)	Non-Executive, Promoter	Nil	No	2
Ashish R. Goenka	Executive, Promoter	6	Yes	3
Rajeshkumar R. Kedia	Executive	6	Yes	3
Kamal R. Gupta	Non-Executive, Independent	6	Yes	Nil
Shailesh S. Vaidya	Non-Executive, Independent	6	Yes	11
Mayank Pramodchandra Bajaj*	Non-Executive, Independent	4	Yes	Nil
Nilesh Mehta** (Brief profile of Mr. Mehta is provided elsewhere in this Report)	Non-Executive, Independent	N.A.	N.A.	5

# Excludes directorships held in Foreign companies, Private Ltd. companies and companies provided under Section 25 of the Companies Act, 1956.

\* Ceased to be Director due to death on 13/11/2009.

\*\* Appointed w.e.f.01/07/2010

In addition to the membership of the Audit Committee of the Company, Mr. Shailesh Vaidya is holding membership of 4 Audit Committees and Chairmanship of 1 Audit Committee in other public limited companies.

No other Director is a Member / Chairman of any Committee of any other Public Limited Companies.

Six Board Meetings were held during the year on the following dates:

28<sup>th</sup> April, 2009; 31<sup>st</sup> July, 2009; 31<sup>st</sup> August, 2009; 8<sup>th</sup> October, 2009; 29<sup>th</sup> October, 2009 and 30<sup>th</sup> January, 2010.

## 3. Audit Committee

The Audit Committee presently comprises of Mr. Kamal R. Gupta, Non-Executive and Independent Director, Mr. Rajeshkumar Kedia, Executive Director, Mr. Shailesh S. Vaidya, Non-Executive and Independent Director. Mr. Kamal R. Gupta is the Chairman of the Audit Committee.

All the Members of the Audit Committee are financially literate and have accounting and financial management expertise.

Mr. Chandrachud D. Paliwal, Company Secretary & Legal In charge was the Secretary of the Audit Committee till 30<sup>th</sup> June, 2009. Mr. Rajendra Agarwal, Company Secretary was the Secretary of the Committee since 1<sup>st</sup> July, 2009 until 1<sup>st</sup> August, 2010. Mr. Srikant Mohan, Company Secretary has been appointed as the Secretary of the Audit Committee from 2<sup>nd</sup> August, 2010.

## Suashish Diamonds Limited

The terms of reference of this committee are wide enough covering the matters specified for Audit Committee under the Listing Agreement as well as Section 292A of the Companies Act, 1956.

Five Audit Committee Meetings were held during the year on following dates:

28<sup>th</sup> April, 2009; 31<sup>st</sup> July, 2009; 31<sup>st</sup> August, 2009; 29<sup>th</sup> October, 2009 and 30<sup>th</sup> January, 2010.

Attendance at the Audit Committee Meeting during the year is as under:

Name of the Director	No. of Meetings attended
Kamal R. Gupta	5
Shailesh S. Vaidya	5
Rajeshkumar Kedia	5

Audit Committee Meetings were also attended by President - Finance and President - Accounts. Statutory Auditors were also invited to the meetings.

#### 4. Remuneration Committee

A separate Remuneration Committee has been constituted with effect from 27<sup>th</sup> October, 2008. This is a non-mandatory requirement of clause 49 of the Listing Agreement.

The Remuneration Committee is constituted with three Non-Executive Directors and one Executive Director. Mr. Kamal R. Gupta is the Chairman of the Committee and Mr. Shailesh Vaidya, Mr. Nilesh Mehta and Mr. Ashish R. Goenka are the Members of the Committee. The primary objective of the Committee is to determine and recommend to the Board of Directors, the remuneration payable to the Managing Director and Whole-time Director, to determine and advise the Board on the appointment and payment of remuneration and / or annual increment to the Managing Director and Whole-time Director.

One Meeting of the Remuneration Committee was held on 10<sup>th</sup> August, 2010. All the members of the Remuneration Committee were present at meeting.

#### Remuneration and terms of appointment of Directors

Details of remuneration paid / payable to Directors for the year ended 31<sup>st</sup> March, 2010 and their terms of appointment are as under:

##### Remuneration of Directors

Name of the Director	Category	Salary (Rs.)	Provident Fund Contribution	Commission	Sitting Fees	Total
Rameshkumar S. Goenka	Non-Executive, Promoter	—	—	—	—	—
Ashish R. Goenka	Executive, Promoter	4,800,000	—	5,900,000	—	10,700,000
Rajeshkumar R. Kedia	Executive	249,436	21,600	—	—	271,036
Kamal R. Gupta	Non-Executive, Independent	—	—	—	60,000	60,000
Shailesh S. Vaidya	Non-Executive, Independent	—	—	—	60,000	60,000
Mayank P. Bajaj*	Non-Executive, Independent	—	—	—	40,000	40,000
<b>Total</b>		<b>5,049,436</b>	<b>21,600</b>	<b>5,900,000</b>	<b>160,000</b>	<b>11,131,036</b>

\*Ceased to be Director due to death on 13/11/2009.

#### 5. Related Party Transactions

Transactions with related parties are disclosed in Note No. 20 of Schedule 17 to the Financial Statements.

**6. Shareholders' / Investors' Grievance Committee**

The Board has constituted the Shareholders' / Investors' Grievance Committee to monitor the redressal of the shareholders / investors grievance. The Committee consists of three Directors.

Name	Category	Designation	No of Meetings attended	No. of Meetings held
Kamal R. Gupta	Non-Executive; Independent	Chairman	4	4
Rajeshkumar R. Kedia	Executive	Member	4	4
Shailesh S. Vaidya	Non-Executive; Independent	Member	4	4

Mr. Chandrachud D. Paliwal, Company Secretary & Legal In charge was the Compliance Officer of the Shareholders' / Investors Grievance Committee till 30<sup>th</sup> June, 2009. Mr. Rajeshkumar R. Kedia, Whole-time Director is the Compliance Officer of the Company with effect from 1<sup>st</sup> July, 2009.

**Share Transfers**

All shares have been transferred and returned in 30 days from the date of receipt provided all the documents are valid and complete in all respect.

As on 31<sup>st</sup> March, 2010, no shares were pending for transfer for more than 15 days.

Details of Investors' Complaints received during the period from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010 were as follows:

Type of Complaint	Inward	Outward	Pending
Non-Receipt of Annual Report	1	1	0
Non-Receipt of Shares after Transfer	5	5	0
Demat/Remat Queries	4	4	0
Merge/Split/Renewal/Cons/Remat/Duplicate	5	5	0
Letter form SEBI	1	1	0
<b>Total</b>	<b>16</b>	<b>16</b>	<b>0</b>

The Complaints are generally replied to, within 10 days of receipt.

**7. General Body Meetings**

a) Particulars about the last three Annual General Meetings of the Company are as follows:

Year	Day & Date	Time	Venue	Special Resolution passed in the AGM by shareholders
2008-2009	Wednesday, 30 <sup>th</sup> September, 2009	11.30 a.m.	Oricon House, Maharashtra Chambers of Commerce Path, Fort, Mumbai 400001.	Yes 1. Re-appointment of Mr. Ashish Goenka as the Managing Director of the Company. 2. Re-appointment of Mr. Rajeshkumar Kedia as Whole-time Director of the Company.
2007-2008 (15 Months)	Saturday, 27 <sup>th</sup> September, 2008	4.30 p.m.	Indian Merchants' Chamber, (Kilachand Conference Room) IMC Building, 2 <sup>nd</sup> floor, Churchgate, Mumbai-400 020	No
2006	Friday, 29 <sup>th</sup> June, 2007	11.30 a.m.	Indian Merchants' Chamber, (Kilachand Conference Room) IMC Building, 2 <sup>nd</sup> floor, Churchgate, Mumbai-400 020	Yes Delisting of Equity Shares of the Company from Delhi Stock Exchange Association Ltd.

During the year, one Special resolution under Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Delisting Regulations") was sent to the Members on 23<sup>rd</sup> October, 2009 for passing the same through Postal Ballot process. The said resolution was passed with requisite majority on 1<sup>st</sup> December, 2009. No special resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting of the Company.

## Suashish Diamonds Limited

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### 8. Disclosures

- Information pursuant to Clause 49 of the Listing Agreement regarding appointment / re-appointment of Director(s) is given in the Explanatory Statement to the Notice of ensuing Annual General Meeting.
- There has been no non-compliance or penalties or strictures imposed on the Company by the Bombay Stock Exchange Limited or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- In preparation of the financial statements, treatment different from that prescribed in Accounting Standards have been followed for Valuation of Inventories. The details and explanation for the same have been provided in Note No.3 of Schedule 17 of the Financial Statement.
- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement, as applicable, except as disclosed in this report.
- While the Company has not formally established a Whistle Blower Policy as a mechanism for its employees to report to the Management about any violation of the Company's code of conduct or business principles or unethical behaviour, the employees are free to access the Management or the Audit Committee to report such instances.

### 9. Means of Communication

- a) The Annual, Half-yearly and Quarterly results are submitted to Bombay Stock Exchange Limited in accordance with the listing agreement and published in The Free Press Journal and Navshakti and are displayed on the Company's Website: [www.suashish.com](http://www.suashish.com).
- b) The Company has been promptly filing / e-mailing the required information to Bombay Stock Exchange Limited, in addition to the physical filings.

### 10. General shareholders information

#### a) 22<sup>nd</sup> Annual General Meeting

<b>Date</b>	29 <sup>th</sup> September, 2010
<b>Time</b>	11:00 a.m.
<b>Venue</b>	Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6th Floor, 12, K. Dubhash Marg, Fort Mumbai – 400 001

#### b) Financial Calendar

April, 2010 to March, 2011	
Results for quarter ending June 30, 2010	10 <sup>th</sup> August, 2010
Results for quarter ending Sept 30, 2010	By end of 15 <sup>th</sup> Nov, 2010
Results for quarter ending Dec 31, 2010	By end of 15 <sup>th</sup> Feb, 2010
Results for quarter ending Mar 31, 2011	By end of 15 <sup>th</sup> May, 2011

#### c) Date of Book Closure

Thursday, 23<sup>rd</sup> September, 2010 to  
Wednesday, 29<sup>th</sup> September, 2010 (Both Days Inclusive)

#### d) Registered Office

Mehta Mahal, 11<sup>th</sup> Floor,  
15, Mathew Road, Opera House,  
Mumbai – 400 004

#### e) Listing of Equity Shares on Stock Exchange

Bombay Stock Exchange Limited

#### f) (i) ISIN allotted to Equity Shares

INE658A01017

#### (ii) Bombay Stock Exchange, Limited, Mumbai, Scrip Code

526733

#### g) Registrar and Share Transfer Agent

M/s. Sharepro Services (India) Private Limited  
Satam Industrial Estate, 3<sup>rd</sup> Floor,  
Above Bank of Baroda,  
Cardinal Gracious Road,  
Chakala, Andheri (East),  
Mumbai – 400 099.  
Tel No: 022 - 6772 0300/ 6772 0400  
Fax No: 022 - 2837 5646

**h) Share Transfer System** Shares lodged in physical form with the Company / its Registrar and Share Transfer Agent are processed and returned duly transferred within 30 days.

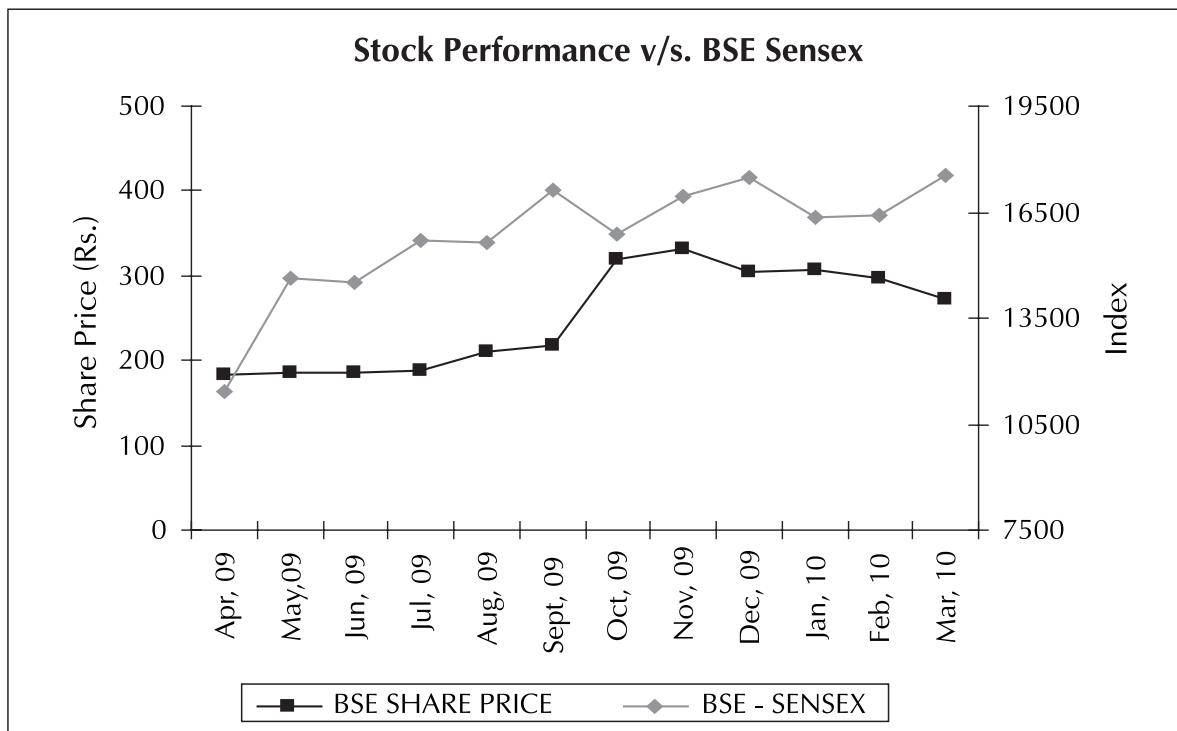
In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the depository participant through electronic debit/credit of the accounts involved.

**i) Dematerialisation of shares** As on 31<sup>st</sup> March, 2010, 2,06,98,698 shares (99.69% of the total no. of shares) is in dematerialized form. The Company's shares are compulsorily traded in dematerialized form.

**j) Market price data (BSE)**

Month	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April, 2009	197.00	105.00	6030
May, 2009	198.35	135.15	9463
June, 2009	194.90	163.00	4353
July, 2009	194.95	145.05	2396
August, 2009	217.45	170.00	8643
September, 2009	230.00	156.00	10483
October, 2009	394.90	207.00	813650
November, 2009	395.00	283.00	361870
December, 2009	362.00	280.10	258106
January, 2010	321.00	288.20	20035
February, 2010	319.00	292.05	23800
March, 2010	304.95	246.00	142263

**11. Stock Performance v/s. BSE Sensex**



## Suashish Diamonds Limited

### a) Distribution of Shareholding as on 31<sup>st</sup> March, 2010:

Shareholding	No. of Shareholders	Percentage	No. of Shares held	Percentage
Less than 500	1,486	92.241	150,160	0.723
500 – 1,000	48	2.980	36,012	0.173
1,001 – 2,000	27	1.676	41,424	0.200
2,001 – 3,000	5	0.310	11,822	0.057
3,001 – 4,000	5	0.310	17,042	0.082
4,001 – 5,000	2	0.124	8,650	0.042
5,001 – 10,000	11	0.683	80,581	0.388
10,001 and above	27	1.676	20,417,609	98.335
	<b>1,611</b>	<b>100.00</b>	<b>20,763,300</b>	<b>100.00</b>

### b) Shareholding Pattern as on 31<sup>st</sup> March, 2010:

Category code	Category of Shareholder	Number of Shareholders / Folios	Total number of Shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of Shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	<b>Indian</b>					
	(a) Individuals/ Hindu Undivided Family	8(1)*	48,99,000	48,99,000	23.59	23.59
	(b) Central Government/ State Government(s)	—	—	—	—	—
	(c) Bodies Corporate	10(4)*	1,36,69,800	1,36,69,800	65.84	65.84
	(d) Financial Institutions/ Banks	—	—	—	—	—
	(e) Any Other (specify)	—	—	—	—	—
	<b>Sub-Total (A)(1)</b>	<b>18</b>	<b>1,85,68,800</b>	<b>1,85,68,800</b>	<b>89.43</b>	<b>89.43</b>
<b>(2)</b>	<b>Foreign</b>					
	(a) Individuals (Non-Resident Individuals/ Foreign Individuals)	—	—	—	—	—
	(b) Bodies Corporate	—	—	—	—	—
	(c) Institutions	—	—	—	—	—
	(d) Any Other (specify)	—	—	—	—	—
	<b>Sub-Total (A)(2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>18</b>	<b>1,85,68,800</b>	<b>1,85,68,800</b>	<b>89.43</b>	<b>89.43</b>

\*indicates the number of shareholders having two portfolios

**Suashish Diamonds Limited**

Category code	Category of Shareholder	Number of Shareholders / Folios	Total number of Shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of Shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(B)</b>	<b>Public Shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI	3	7,94,049	7,93,949	3.82	3.82
(b)	Financial Institutions/ Banks	—	—	—	—	—
(c)	Central Government/ State Government(s)	—	—	—	—	—
(d)	Venture Capital Funds	—	—	—	—	—
(e)	Insurance Companies	—	—	—	—	—
(f)	Foreign Institutional Investors	2	7,76,435	7,76,435	3.74	3.74
(g)	Foreign Venture Capital Investors )	—	—	—	—	—
(h)	Any Other (specify)	—	—	—	—	—
	<b>Sub-Total (B)(1)</b>	<b>5</b>	<b>15,70,484</b>	<b>15,70,384</b>	<b>7.56</b>	<b>7.56</b>
<b>(2)</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	97	2,41,640	2,39,039	1.16	1.16
(b)	Individuals -					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	1,480	2,91,016	2,29,115	1.40	1.40
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	2	89,773	89,773	0.43	0.43
(c)	Any Other (specify)					
	NRI-Rep	8	1,586	1,586	0.01	0.01
	NRI-Non-Rep	1	1	1	0.00	0.00
	<b>Sub-Total (B)(2)</b>	<b>1,588</b>	<b>6,24,016</b>	<b>5,59,514</b>	<b>3.01</b>	<b>3.01</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1,593</b>	<b>21,94,500</b>	<b>21,29,898</b>	<b>10.57</b>	<b>10.57</b>
	<b>TOTAL (A)+(B)</b>	<b>1,611</b>	<b>2,07,63,300</b>	<b>2,06,98,698</b>	<b>100</b>	<b>100</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>					
		0	0	0	0	0
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>1,611</b>	<b>2,07,63,300</b>	<b>2,06,98,698</b>	<b>100</b>	<b>100</b>



## Suashish Diamonds Limited

### (I)(b) Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”

Sr. No.	Name of the Shareholder	Number of shares	Shares as a percentage of total number of Shares {i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Ashish R. Goenka	6,00,000	2.89
2	Ashish R. Goenka *	6,86,900	3.31
3	Rameshkumar S. Goenka **	9,00,000	4.33
4	Lavina A. Goenka	3,00,000	1.44
5	Ishan Ashish Goenka	15,58,088	7.50
6	Ananya Ashish Goenka	1,04,000	0.50
7	Sanjeev M. Somani	750,012	3.61
8	Radiant Holdings Pvt Ltd	33,71,000	16.24
9	Rapid Holdings Pvt Ltd.	33,71,000	16.24
10	Goenka Holdings Pvt Ltd	33,71,100	16.24
11	Fabulous Holdings Pvt Ltd	33,71,000	16.24
12	Taruvarsh Leasing Co Pvt. Ltd	12	0.00
13	Revival Trade Place Pvt Ltd	1,85,688	0.89
	<b>TOTAL</b>	<b>1,85,68,800</b>	<b>89.43</b>

\* Mr. Ashish R. Goenka as Trustee of Mohinidevi Goenka Trust

\*\* M/s. Rameshkumar Goenka (HUF) represented by Mr. Ashish R Goenka as Karta

### (I)(c) Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares

Sr. No.	Name of the Shareholder	Number of shares	Shares as a percentage of total number of Shares {i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Lotus Global Investments Ltd	7,66,452	3.69
2	Deutsche Trustee Services (India) Pvt. Ltd. A/C DWS Money Plus Advantage Fund	5,20,000	2.50
3	Deutsche Trustee Services (India) Pvt. Ltd. A/C DWS Twin Advantage Fund	2,73,949	1.31
	<b>TOTAL</b>	<b>15,60,401</b>	<b>7.50</b>

### (I)(d) Statement showing details of locked-in shares

Sr. No.	Name of the Shareholder	Number of locked-in Shares	Locked-in Shares as a percentage of total number of Shares {i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
	Not Applicable	—	—
	<b>TOTAL</b>	<b>—</b>	<b>—</b>

### (II)(a) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of Shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of Shares {i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
	Not Applicable	—	—	—
	<b>TOTAL</b>	<b>—</b>	<b>—</b>	<b>—</b>

### (II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of Shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of Shares {i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
	Not Applicable	—	—	—
	<b>TOTAL</b>	<b>—</b>	<b>—</b>	<b>—</b>

**CODE OF CONDUCT**

In accordance with Clause 49 sub clause I (D) (ii) of the Listing Agreement, I in my capacity as Managing Director of Suashish Diamonds Limited hereby confirm that all the members of the Board of Directors and Senior Management Personnel of the Company have affirmed their Compliance with Suashish Code of Conduct for the Financial Year 31<sup>st</sup> March, 2010.

For **Suashish Diamonds Limited**

Mumbai, 10<sup>th</sup> August, 2010

**Ashish R. Goenka**  
Managing Director

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**CEO / CFO Certificate as per the requirements of Clause 49 of the Stock Exchange Listing Agreement**

We hereby certify that:

- (a) We have reviewed Financial Statements and the Cash Flow statement for the year ended 31<sup>st</sup> March, 2010 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations except as disclosed in the financial statements.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditor and the Audit committee:
  - (i) significant changes in the internal control over financial reporting during the year;
  - (ii) significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instance of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sincerely,

**Ashish R. Goenka**  
Managing Director

Mumbai, 10<sup>th</sup> August, 2010

**Prashant kumar De**  
Chief Financial Officer

## **Suashish Diamonds Limited**

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### **AUDITORS' CERTIFICATE**

To,  
The Members of  
**SUASHISH DIAMONDS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Suashish Diamonds Limited ('the Company') for the year ended 31 March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement, except that during the period from 14 November 2009 to 31 March 2010 the board did not had 50% independent directors.

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

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No.121750W

**(Nirmal Jain)**  
PARTNER  
Membership No. 34709  
Certificate No. 3077

Mumbai, Dated: 10 August 2010

# Management Discussion & Analysis

## General Performance Review

Recovering from the financial slowdown, the Indian economy registered a growth of 7.4 percent in 2009–10. The growth was driven by robust performance of the manufacturing sector on the back of government and consumer spending. India's industrial output grew by 17.6 percent in April, 2010.

India's merchandise trade grew persistently since November, 2009. The rise in the demand in the international market was the driving force in the otherwise unpleasant economic conditions. The overall exports also grew by 36.2%.

However, the signs in the economy suggest that it is a weak recovery. The developed economies including the US, Euro-zone, Japan and the UK have come out of the recession. The ire of inflation though, still hovers around, uncontrolled.

## Industry Structure and Development

Gems and jewellery export grew by 16% to \$28.41 billion during the year. The marginal growth was primarily due to revival in demand from markets in U.S.A.

Indicating a sign of recovery from the global slow down in the previous year, an increase in the diamond production was recorded during the year. Cut and polished diamond exports were the main drivers of the growth in financial year 2009 -2010, which accounted for about 62% of the total share of Gems and Jewellery industry. The jewellery exports accounted for over 30% of the total share.

The Gems and Jewellery industry accounts for 12% of India's total merchandise exports (Source: www.gjepc.org). The diamond sector in India is cautiously optimistic that the tide is turning for the better for the industry per se. Factors like, significantly lower inventory levels as compared to the period of financial crisis, a huge jump in export numbers, lower unemployment levels and stable rough diamond prices, all reveal a resurgence in the sector which was so critically impacted during the financial crisis when demand from developed countries plummeted.

The US economic recovery, even though is in fits and starts and the jobs creation rate is not increasing as rapidly as many would like, is doing better than most of the other developed economies, including Western Europe and Japan.

## Exports & Imports

Trading in the diamond market increased during the year under review. Exports of Cut and Polished diamonds increased from \$14.61 billion (Rs. 66,224 crores) in 2008-09 to \$17.54 billion (Rs. 82,932 crores) in 2009-10. The total imports in the Gems and Jewellery industry exhibited over all increase of 19.97 % and reached \$27 billion when compared to the previous year (\$22 billion in 2008-09). There was also an increase of 14% in the imports of Rough Diamonds (Source: www.gjepc.org).

The steps initiated to counter the low off-take and inventory build-up has been withdrawn and the Industry has been working with increased capacity, which in itself is a welcoming note.

## Company's Financial Performance

The company has achieved gross turnover of Rs.1,267 crores during the current accounting period ended 31<sup>st</sup> March, 2010 as against Rs.770 crores for the previous year exhibiting a robust growth of 65%.

The Profit Before Tax (PBT) for the current accounting period is Rs. 89.45 crores (previous year loss of Rs.64.89 crores) and the Profit / (Loss) After Tax (PAT) of Rs. 70.40 crores (Previous year loss of Rs.59.83 crores).

Rs. in million

Particulars	2010	2009	2007-08		2006
	12 Months	12 Months	15 Months	Annualised	12 Months
Sales	<b>12673.75</b>	7704.92	12234.62	9787.70	9334.68
Profit / (Loss) Before Tax	<b>894.51</b>	-648.96	1205.32	964.25	508.82
Profit / (Loss) After Tax	<b>703.99</b>	-598.26	828.21	662.56	433.21
Dividend*	—	—	38.93	31.14	31.14
EPS (Rs.)	<b>33.91</b>	-28.81	39.89	31.91	20.86

\*excluding dividend distribution tax

## Looking Ahead

The Company is constantly looking for increasing its turnover by exploring and penetrating in the new markets as well as expanding its presence in the existing markets. With the distinctive indications of revival in the developed economies of the world, your management also has a positive business outlook. The industry is optimistic of surpassing its lean period.

## Diamond Business

The Company is a Sightholder of DTC UK and DTC Botswana and is thus assured of continued supply of rough diamonds for its cutting and polishing facilities in India and Botswana. The company also imports its requirement of rough diamond from Belgium, Dubai and other diamond mining countries. The company would not face shortage of supply of rough diamonds and would continue to aggressively market its products and services to its customers world-wide.

## Jewellery Business

The Company would be looking to work closely with its key retail clients in the US and the European markets and at the same time also look to build its business in emerging markets like India, Middle East and China.

## Suashish Diamonds Limited

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### OPPORTUNITIES, THREATS, RISKS AND CONCERNS

#### Opportunities and Challenges

##### The Company foresees opportunities in

- Good economic growth in emerging markets like India, China, Hong Kong and Middle-East on the back of continuing strong growth in demand supported by increase in purchasing power will lead to increased demand of diamond studded Jewellery.
- Consolidation in manufacturing side of the Indian industry provides opportunities for inorganic growth.
- Continuous supply of Rough diamonds from Botswana.

##### Challenges

- Shortage of rough diamond supply to India due to local beneficiation policy in producing countries.
- The Euro-zone impact in the reviving Global economy.
- Volatility in gold and diamond prices.

##### Risks and Concerns

The primary business activity of the Company being sale of Diamonds and Jewellery to the domestic and international market, the Company is exposed to various national and international, economic and political factors.

The different risks are being effectively monitored and mitigated. The Company constantly strives to overcome the risk by adopting pragmatic and prudent business decision.

##### Internal Control System and their Adequacy

The Company has well documented operating procedures and authorizations to control and monitor each and every financial commitments and transactions. The parameters are set for each department in the Company. The financial and related aspects are being monitored continuously and are supervised by in-house internal audit team.

The Company has an internal control system commensurate with its size and nature of business, which provides for:

- Transactions being accurately recorded, cross verified and promptly reported.
- Adherence to applicable accounting standards and policies.
- Information technology system which include controls for facilitating the above.
- Efficient use and safeguarding of resources.
- Accurate recording and custody of assets.
- Compliance with applicable statutes, policies, procedures, listing requirements, management guidelines and circulars in all the Countries where the Company operates.

Internal check and controls are exercised by strictly adhering to the various procedures laid at the time of delegation of authorities. The delegation clearly indicates the powers along with the monetary limits, wherever necessary, that can be exercised by various levels of the Managers in the Company.

##### Human Resources

The Company continues to focus on its most important asset i.e. Human Resources. During the year, the Company invested in training, development and career enhancement. The work environment gives employees the freedom to realize their potential. The appropriate learning opportunities are provided to employees. We also have in place a robust Performance Management Systems. Employees remained motivated and relations remained cordial and harmonious. Several steps have been taken to create a sense of belongingness in the minds of the employees, which in turn give maximum contribution per employee while gearing them to face the challenges in the competitive business environment and achieve the desired goals.

##### Best Practice

The Company adheres to the rigorous standards set by DTC's Best Practice Principles.

##### Acknowledgement

The Company would like to thank, all the team members of the Suashish family for their dedication and support, the Diamond Trading Company International and Diamond Trading Company Botswana for continuous and assured supply of rough diamonds and also to the banks within the consortium for their unwavering confidence.

We at Suashish are committed to improving ourselves and finding a better way for a brighter tomorrow. We are excited for the future and we look forward to your continued support.

##### Cautionary Note

The statements contained in this discussion are forward looking statements, which are based on certain assumptions and expectation of future events. The statements which address expectations or projections about the future prospects related to strategic planning, market segmentation, and revenue management are in line with the vision of the Group and are forward looking in nature. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of a new information, future events, or otherwise. Investors are cautioned that the discussion based on forward-looking statements involve risks and uncertainties. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statement.

# Auditors' Report

To,  
The Members of  
**SUASHISH DIAMONDS LIMITED**

1. We have audited the attached balance sheet of Suashish Diamonds Limited ('the Company') as at 31 March 2010, the profit and loss account and cash flow statement of the Company for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 *except Accounting Standard (AS)-2 'Valuation of Inventories' for the reasons mentioned in note 3 of Schedule '17'*;
  - e) On the basis of written representations received from the directors of the Company, as on 31 March 2010 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
  - f) In our opinion and to the best of our information and according to the explanations given to us, *subject to our comments in paragraph 4(d) above, the impact whereof on the profit for the year, reserves and surplus and inventories as at 31 March 2010 could not be ascertained*, the said accounts read together with other notes thereon in Schedule '17', give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of balance sheet, of the state of affairs of the Company as at 31 March 2010;
    - ii. in the case of profit and loss account, of the profit for the year ended on that date; and
    - iii. in the case of cash flow statement, of the cash flows for the year ended on that date.

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No.121750W

**(Nirmal Jain)**  
PARTNER  
Membership No. 34709

Mumbai, Dated: 10 August 2010

**ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN  
PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, though all the assets were not verified by the management during the year. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off a substantial part of the fixed assets.
- (ii) (a) According to information and explanations given to us, 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) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except for interest free unsecured loans granted to six companies during the current year. The maximum amount involved during the year was Rs.289,458,208 and year-end balance was Rs.276,449,078
- (b) In our opinion, other terms and conditions on which loans have been granted to companies are not, prima face, prejudicial to the interest of the Company.
- (c) In our opinion and according to information and explanations given to us, in respect of loan given there is no fixed given repayment schedule.
- (d) According to the information and explanations given to us, there is no overdue amount of loan of more than rupees one lakh.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been so entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system, which needs to be strengthened to make it commensurate with the size of the Company and the nature of its business.
- (viii) As explained to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in the case of any of the activities of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanation given to us, there are no dues in respect of income tax, wealth tax, service tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute. The disputed amounts that have not been deposited in respect of sales tax are as under:

Description	Amount Rs.	Period to which it relates	Forum where dispute is pending
Sales Tax	2,059,650	1993-94	Appellate Tribunal
Sales Tax	457,245	1994-95	Appellate Tribunal

- (x) The Company has no accumulated losses at the end of the financial year. It has not incurred cash losses in the current financial year while it has incurred cash losses in 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. The Company has not issued any debentures and there are no dues to financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable to the Company.
- (xiv) The Company has maintained proper records of the transactions and contracts with respect to its investments in shares, securities, debenture and other investments. All the shares, securities, debenture and other investments are held in the name of the Company or are in process of being transferred in the name of the Company.
- (xv) In our opinion and according to information and explanations given to us, the Company has not given any guarantee, for loan taken by others from banks or financial institutions.
- (xvi) The Company has not raised any term loan during the financial year.
- (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 as at 31 March 2010 no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised any money through a public issue during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during course of our audit.

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants  
Firm Regn.No.121750W

**(Nirmal Jain)**  
PARTNER  
Membership No.34709

Mumbai, Dated: 10 August 2010



**Suashish Diamonds Limited**

# Balance Sheet

As at 31 March, 2010

	Schedule	(Rs.)	As at 31/03/2010 (Rs.)	(Rs.)	As at 31/03/2009 (Rs.)
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' funds</b>					
Share Capital	1	208,120,500		208,120,500	
Reserves and surplus	2	5,736,674,015		5,037,857,411	
			5,944,794,515		5,245,977,911
<b>Loan Funds</b>					
Secured loans	3		10,870,490,939		4,872,140,141
Deferred tax liabilities (net)			28,206,682		—
<b>Total</b>			<b>16,843,492,136</b>		<b>10,118,118,052</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed assets</b>					
Gross block	4	651,021,867		652,081,947	
Less : Depreciation		427,227,311		402,349,957	
Net block		223,794,556		249,731,990	
Add: Capital work-in-progress / advances to suppliers of fixed assets		80,788,702		81,341,957	
			304,583,258		331,073,947
<b>Investments</b>	5		2,355,197,308		1,897,964,973
<b>Deferred tax assets (net)</b>			—		46,762,568
<b>Current assets, loans and advances</b>					
Inventories		1,276,821,714		1,681,249,363	
Sundry debtors		946,194,290		1,048,118,425	
Cash and bank balances		11,426,570,555		4,701,618,003	
Other current assets		200,821,564		255,134,096	
Loans and advances		1,302,355,520		1,038,574,341	
		15,152,763,643		8,724,694,228	
<b>Less : Current liabilities and provisions</b>	7				
Current liabilities		681,960,310		481,813,960	
Provisions		287,091,763		400,563,704	
		969,052,073		882,377,664	
<b>Net current assets</b>			<b>14,183,711,570</b>		<b>7,842,316,564</b>
<b>Total</b>			<b>16,843,492,136</b>		<b>10,118,118,052</b>
<b>Accounting policies and notes forming part of the accounts</b>	17				

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**

Partner

Membership No. 34709

Mumbai; Dated: 10 August 2010

On behalf of the Board of directors

**Ashish R. Goenka**

**Rajeshkumar R. Kedia**

**Srikant Mohan**

Managing Director

Wholetime Director

Company Secretary

Mumbai; Dated: 10 August 2010

# Profit and Loss Account

For the Period ended 31 March, 2010

	Schedule	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>INCOME</b>			
Sales and income from operations	8	12,673,754,979	7,704,924,525
Income/(loss) from investments and financial instruments	9	617,438,455	(622,345,090)
Other income	10	19,854,685	72,569,798
Interest income (net)	11	49,069,248	(80,270,568)
Increase / (Decrease) in stocks	12	(662,798,994)	1,040,773,200
		<u>12,697,318,373</u>	<u>8,115,651,865</u>
<b>EXPENDITURE</b>			
Cost of materials	13	11,439,560,766	7,993,102,855
Employees' remuneration and benefits	14	57,910,509	88,239,927
Manufacturing and other expenses	15	213,328,552	481,406,705
Selling and distribution expenses	16	64,713,927	93,889,267
Depreciation / Amortisation		27,295,705	32,182,517
		<u>11,802,809,459</u>	<u>8,688,821,271</u>
<b>PROFIT/(LOSS)</b>			
<b>Profit/(loss) before exceptional items</b>		<b>894,508,914</b>	<b>(573,169,406)</b>
Exceptional items:			
— Investments written-off		—	(38,500,000)
— Share application money written-off (Refer note 4 of Schedule '17')		—	(37,290,000)
			<u>(75,790,000)</u>
<b>Profit/(loss) after exceptional items and before taxation</b>		<b>894,508,914</b>	<b>(648,959,406)</b>
Provision for taxation			
— Current tax		(139,850,000)	—
— Mat Credit Entitlement		24,396,570	—
— Deferred tax benefit/(expense)		(74,969,250)	53,433,178
— Fringe benefit tax		—	(2,600,000)
		<u>(190,422,680)</u>	<u>50,833,178</u>
Provision for wealth tax		(100,000)	(130,000)
<b>Profit/(loss) after taxation</b>		<b>703,986,234</b>	<b>(598,256,228)</b>
Prior year tax adjustments (net)		(5,169,630)	68,964
Balance brought forward from previous year		1,809,471,343	2,407,658,607
<b>Surplus available for appropriation</b>		<b>2,508,287,947</b>	<b>1,809,471,343</b>
<b>Balance carried to balance sheet</b>		<b>2,508,287,947</b>	<b>1,809,471,343</b>
		<u>2,508,287,947</u>	<u>1,809,471,343</u>
<b>Basic and diluted earnings/(loss) per share</b>		<b>33.91</b>	<b>(28.81)</b>
<b>Nominal value of equity shares</b>		<b>10.00</b>	<b>10.00</b>
<b>Accounting policies and notes forming part of the accounts</b>	17		

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**

Partner

Membership No. 34709

Mumbai; Dated: 10 August 2010

On behalf of the Board of directors

**Ashish R. Goenka**

**Rajeshkumar R. Kedia**

**Srikant Mohan**

Managing Director

Wholetime Director

Company Secretary

Mumbai; Dated: 10 August 2010

## Suashish Diamonds Limited

### CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

	(Rs.)	Current Year 2009-2010 (Rs.)	(Rs.)	Previous Year 2008-2009 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit/(loss) before tax and exceptional items		894,508,914		(573,169,406)
<b>Adjustments for:</b>				
Depreciation/amortisation	27,295,705		32,182,517	
Unrealised exchange difference (net)	68,904,548		36,805,815	
Loss / (Profit) on sale / written off of fixed assets (net)	282,218		(28,496,144)	
Interest / dividend income received / (paid) - Net	(88,900,929)		53,595,175	
		<u>7,581,542</u>		<u>94,087,363</u>
<b>Operating profit before working capital changes</b>		<u>902,090,456</u>		<u>(479,082,043)</u>
<b>Changes in current assets and current liabilities</b>				
Trade and other receivables	(240,165,199)		2,190,272,147	
Inventories	404,427,649		(743,783,952)	
Trade payables and other trade liabilities	155,240,099		(141,507,278)	
		<u>319,502,549</u>		<u>1,304,980,917</u>
<b>Cash generated from/ (used in) operations</b>		<u>1,221,593,005</u>		<u>825,898,874</u>
Direct taxes paid	(74,092,382)		(66,788,773)	
		<u>(74,092,382)</u>		<u>(66,788,773)</u>
<b>Net cash generated from / (used in) operating activities</b>		<u>1,147,500,623</u>		<u>759,110,101</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Payments made for purchase of fixed assets/capital expenditure		(1,991,907)		(6,676,126)
Sale of fixed assets		904,673		45,853,114
Changes in investments (net)	(457,232,335)		1,301,312,590	
Loans granted / received back (net)	(53,709,816)		(57,238,902)	
Interest and dividend income	115,964,835		145,678,704	
		<u>(396,064,550)</u>		<u>1,428,929,380</u>
<b>Net cash generated from / (used in) investing activities</b>		<u>(396,064,550)</u>		<u>1,428,929,380</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase / (decrease) in borrowings (net)		5,894,084,395		(4,136,443,635)
Interest received / (paid)		46,120,894		(337,621,987)
Fixed deposits placed (net)	(6,237,229,025)		2,383,000,810	
Dividend on equity share capital		91,453		(45,432,562)
		<u>(296,932,283)</u>		<u>(2,136,497,374)</u>
<b>Net cash (used in) / generated from financing activities</b>		<u>(296,932,283)</u>		<u>(2,136,497,374)</u>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>		<u>454,503,790</u>		<u>51,542,107</u>
<b>Cash and cash equivalents - opening balance</b>		<u>2,689,914</u>		<u>(48,852,193)</u>
<b>Cash and cash equivalents - closing balance</b>		<u>457,193,704</u>		<u>2,689,914</u>
<b>Net increase/(decrease) as disclosed above</b>		<u>454,503,790</u>		<u>51,542,107</u>
<b>Cash and cash equivalents not available for use by the Company (balance in unclaimed dividend account)</b>		<u>480,614</u>		<u>389,161</u>
<b>Cash and cash equivalents closing balance comprise of:</b>				
Cash and bank balances		511,031,470		23,307,943
Credit balances in current accounts with banks		(53,764,114)		(20,610,034)
Effect of exchange difference (Closing)		(65,126)		(8,526)
Effect of exchange difference (Opening)		(8,526)		531
		<u>457,193,704</u>		<u>2,689,914</u>

**Note:** Movement in fixed deposits with original maturities beyond three months have been classified under cash flows from financing activities as the working capital facilities are intended to be settled with the maturity value of fixed deposits.

Accounting policies and notes forming part of accounts are given in Schedule '17'

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**

Partner

Membership No. 34709

Mumbai; Dated: 10 August 2010

On behalf of the Board of directors

**Ashish R. Goenka**

**Rajeshkumar R. Kedia**

**Srikant Mohan**

Managing Director

Wholetime Director

Company Secretary

Mumbai; Dated: 10 August 2010

## Suashish Diamonds Limited

	As at 31/03/2010 (Rs.)	As at 31/12/2009 (Rs.)
<b>SCHEDULE '1'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
25,000,000 (25,000,000) Equity Shares of Rs.10 each	250,000,000	250,000,000
2,000,000 (2,000,000) Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each	200,000,000	200,000,000
	<u>450,000,000</u>	<u>450,000,000</u>
<b>Issued, subscribed and paid-up</b>		
20,763,300 (20,763,300) Equity shares of Rs.10 each fully paid up (Of the above, 13,849,000 (13,849,000) equity shares are allotted as fully paid up bonus shares by capitalisation of general reserve)	207,633,000	207,633,000
Add: Forfeited shares (amount originally paid-up)	487,500	487,500
	<u>208,120,500</u>	<u>208,120,500</u>
<b>SCHEDULE '2'</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities premium account:</b>		
As per last balance sheet	1,063,168,000	1,063,168,000
<b>General reserve:</b>		
As per last balance sheet	2,019,850,404	2,019,850,404
<b>Credit Risk Reserve:</b>		
As per last balance sheet	145,367,664	145,367,664
<b>Surplus as per profit and loss account</b>	<u>2,508,287,947</u>	<u>1,809,471,343</u>
	<u>5,736,674,015</u>	<u>5,037,857,411</u>
<b>SCHEDULE '3'</b>		
<b>SECURED LOANS</b>		
<b>Loans from banks:</b>		
Working capital facilities	10,870,490,939	4,872,140,141
	<u>10,870,490,939</u>	<u>4,872,140,141</u>

(The foreign currency loans of Rs.9,446,755,904 (as at 31/03/2009 Rs.3,651,293,524) included in working capital facilities are secured against the fixed deposits of Rs.10,348,600,660 (as at 31/03/2009 Rs.4,211,200,000). All other working capital facilities are secured by equitable mortgage by deposit of title deeds of factory premises of the Company in Mumbai and office premises of four companies in which directors have significant influence, hypothecation of stock-in-trade, book debts, movables and other assets both present and future.)

## Suashish Diamonds Limited

### SCHEDULE '4' FIXED ASSETS

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2008 (Rs.)	Additions/ (Rs.)	Deductions (Rs.)	As at 31/03/2010 (Rs.)	Upto 01/04/2009 (Rs.)	For the year (Rs.)	Deductions (Rs.)	Upto 31/03/2010 (Rs.)	As at 31/03/2010 (Rs.)	As at 31/12/2009 (Rs.)
Leaseholds land	845,000	—	—	845,000	63,375	42,250	—	105,625	739,375	781,625
Buildings	194,046,246	—	—	194,046,246	107,348,470	8,060,235	—	115,408,705	78,637,541	86,697,776
Plant and machinery	385,213,017	1,973,851	2,436,103	384,750,765	242,274,955	14,917,610	1,531,684	255,660,881	129,089,884	142,938,062
Furniture and fixtures	46,271,703	99,016	—	46,370,719	36,850,702	1,656,332	—	38,507,034	7,863,685	9,421,001
Vehicles	25,705,981	472,295	1,169,139	25,009,137	15,812,455	2,619,278	886,667	17,545,066	7,464,071	9,893,526
<b>Total</b>	<b>652,081,947</b>	<b>2,545,162</b>	<b>3,605,242</b>	<b>651,021,867</b>	<b>402,349,957</b>	<b>27,295,705</b>	<b>2,418,351</b>	<b>427,227,311</b>	<b>223,794,556</b>	<b>249,731,990</b>
Previous Year	676,635,020	6,262,103	30,815,176	652,081,947	386,581,646	32,182,517	16,414,206	402,349,957	249,731,990	

#### Notes:

- Gross Block of Vehicles includes Rs.1,807,422 (as at 31/03/2009 Rs.1,807,422) registered in the name of the employees.
- Gross Block of Plant and Machinery includes Rs.4,605,000 (as at 31/03/2009 Rs.4,605,000) being Company's share in cost of assets whose ownership is not with the Company.

As at  
**31/03/2010**  
**(Rs.)**

As at  
31/03/2009  
**(Rs.)**

### SCHEDULE '5' INVESTMENTS

(Long term at cost, fully paid up, unless otherwise stated)

#### A. TRADE (unquoted)

3,700,000 (3,700,000) Equity shares of USD 1 each of Suashish Diamonds (Hong Kong) Ltd., a wholly owned subsidiary company	<b>161,087,344</b>	161,087,344
10 (10) Common stock, no par value, of Suashishstar Inc., a wholly owned subsidiary company	<b>4,523,250</b>	4,523,250
30 (30) Preferred stock, no par value of Suashishstar Inc., a wholly owned subsidiary company	<b>13,569,750</b>	13,569,750
10 (10) Common stock of USD 10,000 each of Suashish Jewels Inc., a wholly owned subsidiary company	<b>4,354,975</b>	4,354,975
3,000 (3,000) Ordinary shares, of Pula 1 each of Suashish Diamonds (Botswana) (Proprietary) Ltd., a wholly owned subsidiary company	<b>23,974</b>	23,974
50,000 (50,000) Equity shares of Rs.10 each of Suashish Jewellery India Ltd., a wholly owned subsidiary company	<b>500,000</b>	500,000
13,200 (13,200) Equity shares of Rs.10 each of Taruvarsh Leasing Co. Pvt. Ltd., an associate company	<b>660,000</b>	660,000
35,000 (35,000) Equity shares of Rs.10 each of Suashish Realty Pvt. Ltd., an associate company	<b>350,000</b>	350,000
3,850,000 (3,850,000) Equity shares of Rs.10 each of Suashish Finance Ltd., an associate company	—	—

#### B. IN CAPITAL OF PARTNERSHIP FIRMS (SUBSIDIARY)

Goenka Trading Company	<b>478,785,460</b>	213,081,751
Mohinidevi Goenka Investments	<b>29,187</b>	500,703,272

#### C. OTHER THAN TRADE

##### Unquoted:

25,000 (25,000) Units of Kshitij Venture Capital Fund of Rs. 1,000 each	<b>25,000,000</b>	25,000,000
5 (5) Shares of Rs. 50 each of New Ankur Co-operative Housing Society Ltd.	<b>250</b>	250
— (55,705.761) Units of HDFC CMS - Growth of Rs. 10 each	—	1,024,118
5,497,224.936 (5,418,322.201) Units of HDFC CM Treasury Advantage Plan-WD of Rs.10 each	<b>55,112,825</b>	54,298,176
— (326,807.547) Units of ICICI Prudential Institutional Liquid Plan - Super Institutional Growth of Rs.10 each	—	4,240,884
— (50,000,000) Units of Canara Robeco Short Term Institutional Growth Fund of Rs.10 each	—	500,000,000
21,038 (21,038) Equity shares of Rs.10 each of Ananta Landmarks Pvt. Ltd.	<b>210,380</b>	210,380
4,995 (4,995) Preference shares of Rs.1,000 each of Ananta Landmarks Pvt. Ltd.	<b>4,995,000</b>	4,995,000

**Suashish Diamonds Limited**

	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
822 (822) Preference shares of Rs.1,000 each of Neo Pharma Pvt. Ltd.	<b>822,000</b>	822,000
19,558 (10,558) 0% Bond of National Bank for Agriculture And Rural Development (NABARD) of Rs.20,000 each( (maturity date - 01/02/2019)	<b>174,776,104</b>	91,204,016
2,328 (-) Equity shares of Rs.1,000 each of Runwal Homes Pvt. Ltd.	<b>3,348,330</b>	—
146 (-) Equity shares of Rs.1,000 each of Godrej Estate Developers Pvt. Ltd.	<b>2,681,633</b>	—
662 (-) Equity shares of Rs.1,000 each of Godrej Sea View Properties Pvt. Ltd.	<b>1,486,118</b>	—
2,990 (-) Equity shares of Rs.100 each of Nitesh Housing Developers Pvt. Ltd.	<b>1,065,743</b>	—
1,814 (-) Equity shares of Rs.10 each of BCC Infrastructure Pvt. Ltd.	<b>18,140</b>	—
604 (-) Equity shares of Rs.10 each of BCC Infrastructure Pvt. Ltd.	<b>6,040</b>	—
1,598 (-) Equity shares of Rs.10 each of Total Environment Projects Pvt. Ltd.	<b>15,980</b>	—
639 (-) Equity shares of Rs.10 each of VBHDC Bangalore Value Homes Pvt. Ltd.	<b>6,390</b>	—
36,958 (-) Debenture of Rs.100 each of Total Environment Projects Pvt. Ltd.-I	<b>3,695,800</b>	—
28,613 (-) Debenture of Rs.100 each of Total Environment Building Pvt. Ltd.-I	<b>2,861,300</b>	—
25,038 (-) Debenture of Rs.100 each of Kanakia Builders Pvt.Ltd.	<b>2,503,800</b>	—
17,175 (-) Debenture of Rs.100 each of Total Environment Building Pvt. Ltd.-II	<b>1,717,500</b>	—
14,806 (-) Debenture of Rs.100 each of Nitesh Housing Developers Pvt. Ltd.-II	<b>1,480,600</b>	—
18,007 (-) Debenture of Rs.100 each of BCC Infrastructure Pvt Ltd.	<b>1,800,700</b>	—
14,312 (-) Debenture of Rs.100 each of Total Environment Building Pvt. Ltd.-III	<b>1,431,200</b>	—
15,551 (-) Debenture of Rs.100 each of Ats Apartment Pvt. Ltd.-II	<b>1,555,100</b>	—
1,285 (-) Debenture of Rs.100 each of Ariisto Realtors Pvt. Ltd.-III	<b>1,285,000</b>	—
14,611 (-) Debenture of Rs.100 each of Ats Apartment Pvt Ltd.-I	<b>1,461,100</b>	—
14,332 (-) Debenture of Rs.100 each of VBHDC Bangalore Value Homes Pvt Ltd.-I	<b>1,433,200</b>	—
10,660 (-) Debenture of Rs.100 each of Nitesh Housing Developers Pvt. Ltd.-III	<b>1,066,000</b>	—
972 (-) Debenture of Rs.1,000 each of Atithi Building Commodities Pvt. Ltd.-II	<b>972,000</b>	—
11,844 (-) Debenture of Rs.100 each of Nitesh Land Holdings Pvt. Ltd.	<b>1,184,400</b>	—
900 (-) Debenture of Rs.1,000 each of Ariisto Realtors Private Ltd.-II	<b>900,000</b>	—
8,222 (8,222) Debenture of Rs.100 each of Nilkanth Tech Park Pvt Ltd.-III	<b>822,200</b>	822,200
35,562 (35,562) Debentures of Rs.100 each of Nilkanth Tech Park Pvt. Ltd.-I	<b>3,556,200</b>	3,556,200
30,599 (30,599) Debentures of Rs.100 each of Nilkanth Tech Park Pvt. Ltd.-II	<b>3,059,900</b>	3,059,900
7,839 (7,839) Debenture of Rs.100 each of Nilkanth Tech Park Pvt. Ltd.-IV	<b>783,900</b>	783,900
7,108 (-) Debenture of Rs.100 each of Nitesh Housing Developers Pvt. Ltd.-IV	<b>710,800</b>	—
4,145 (-) Debenture of Rs.100 each of Nitesh Housing Developers Pvt. Ltd.-I	<b>414,500</b>	—
1,206 (-) Debenture of Rs.100 each of Total Environment Projects Pvt. Ltd.-II	<b>120,600</b>	—
6,906 (-) Debenture of Rs.1,000 each of Aitithi Building Commodities Pvt. Ltd.	<b>6,906,000</b>	—
80,941 (-) Debentures of Rs.100 each of Runwal Homes Class A	<b>8,094,100</b>	—
36,660 (-) Debentures of Rs.100 each of Runwal Homes Class B	<b>3,666,000</b>	—
5,105 (-) Debentures of Rs.1,000 each of Ariisto Realtors Private Ltd.	<b>5,105,000</b>	—
<b>Quoted :</b>		
1,304,711 (884,400) Equity shares of Rs.10 each of Allahabad Bank (includes shares pledged 234,400 (as at 31/03/2009 234,400))	<b>85,966,169</b>	54,977,176
— (208,900) Equity shares of Rs.10 each of Andhra Bank (includes shares pledged Nil (as at 31/03/2009 208,900))	—	12,127,062
92,000 (-) Equity shares of Rs.10 each of Ansal Properties Ltd.	<b>7,000,611</b>	—
29,000 (-) Equity shares of Rs.10 each of Bank Of India	<b>11,164,286</b>	—
635,444 (54,827) Equity shares of Rs.1 each of Hindalco Industries Ltd.	<b>52,996,047</b>	3,669,489
158,000 (-) Equity shares of Rs.10 each of Hindustan Petroleum Corporation Ltd.	<b>49,888,225</b>	—
— (165,000) Equity shares of Rs.5 each of Reliance Cummunication Ltd.	—	49,579,639
184,984 (609,500) Equity shares of Rs.10 each of Tata Steel Ltd. (includes shares pledged Nil (as at 31/03/2009 109,500)	<b>77,558,208</b>	136,619,619
— (66,249) 2% Cumulative Compulsorily Convertible Preference		

## Suashish Diamonds Limited

	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
Shares of Rs.100 each of Tata Steel Ltd.	—	6,624,900
— (50,000) Equity shares of Rs.2 each of Financial Technologies India Ltd.	—	25,057,250
— (43,200) Equity shares of Rs.10 each of Mold Tek Plastic India Ltd.	—	5,822,854
— (100) Equity shares of Rs.10 each of Orissa Minerals Ltd.	—	700,000
43,152 (43,152) Equity shares of Rs.5 each of Ansal Hi Tech Townships Ltd.	<b>3,807,529</b>	3,807,529
200,000 (-) Equity shares of Rs.5 each of Bharti Airtel Ltd.	<b>63,509,717</b>	—
172,663 (-) Equity shares of Rs.10 each of Chennai Petro Ltd.	<b>39,073,823</b>	—
1,727,236 (-) Equity shares of Rs.10 each of DCB Ltd.	<b>66,626,329</b>	—
250,891 (-) Equity shares of Rs.2 each of Indiabulls Financial Services Ltd.	<b>31,307,849</b>	—
100,000 (-) Equity shares of Rs.2 each of India Bulls Real Estate Ltd.	<b>17,621,270</b>	—
2,689,533 (-) Equity shares of Rs.10 each of Indian Overseas Bank	<b>198,218,419</b>	—
11,750 (-) Equity shares of Rs.10 each of Jammu & Kashmir Bank Ltd.	<b>7,010,111</b>	—
1,322,790 (-) Equity shares of Rs.10 each of Junio Bees (Benchmark MF)	<b>128,155,911</b>	—
1,000,000 (-) Equity shares of Rs.10 each of National Hydroelectric Power Corporation Ltd.	<b>37,062,810</b>	—
402,200 (-) Equity shares of Rs.10 each of Oriental Bank of Commerce	<b>87,866,960</b>	—
6,520 (-) Equity shares of Rs.10 each of Reliance Infrastructure Ltd.	<b>7,012,137</b>	—
77,000 (-) Equity shares of Rs.10 each of Usha Martin Ltd.	<b>6,996,674</b>	—
76,170 (76,170) Debentures of Rs.100 each of Ansal Hi Tech Townships Ltd.	<b>7,617,000</b>	7,617,000
566,936 (-) Equity shares of Rs.10 each of Dena Bank	<b>35,682,618</b>	—
221,554 (-) Equity shares of Rs.10 each of Federal Bank Ltd.	<b>52,208,695</b>	—
251,239 (-) Equity shares of Rs.10 each of Great Eastern Shipping Co. Ltd.	<b>65,991,229</b>	—
4,691,000 (-) Equity shares of Rs.10 each of Industrial Finance Corporation of India Ltd.	<b>213,344,781</b>	—
13,850 (-) Equity shares of Rs.10 each of Tata Motors (DVR) Ltd.	<b>7,003,012</b>	—
<b>D. IN BULLION</b>		
995.0 Standard Gold Bar (2,030 gms)	2,491,115	2,491,115
	<b>2,355,197,308</b>	<b>1,897,964,973</b>
Aggregate value of quoted investments	1,360,690,420	306,602,518
Aggregate value of unquoted investments	994,506,888	1,591,362,455
Aggregate market value of quoted investments	1,702,756,836	251,556,919

**In respect of investments in partnership firms by the Company, the details of partners, total capital and share of each partner are as under:**

A) M/s. Goenka Trading Company Particulars	Share of profit / loss (%)	Capital account balance as at	
		31/03/2010 Rs.	31/03/2009 Rs.
Suashish Diamonds Ltd.	90.00	478,785,460	213,081,751
Taruvarsh Leasing Company Pvt. Ltd.	2.00	32,342,477	31,908,679
Shri Rameshkumar Goenka (HUF)	2.00	108,271,279	108,666,781
Shri Ashish R. Goenka	5.00	(432,524,363)	(169,411,508)
Goenka Holdings Pvt. Ltd.	1.00	14,231,644	14,126,745
	<b>100.00</b>	<b>201,106,497</b>	<b>198,372,448</b>
<b>B) Mohinidevi Goenka Investments</b>			
Particulars	Share of profit / loss (%)	Capital account balance as at	
		31/03/2010 Rs.	31/03/2009 Rs.
Suashish Diamonds Ltd.	99.00	29,187	500,703,272
Taruvarsh Leasing Company Pvt. Ltd.	1.00	749,263	222,415
	<b>100.00</b>	<b>778,450</b>	<b>500,925,687</b>

**Suashish Diamonds Limited**

	Rs.	As at 31/03/2010 Rs.	Rs.	As at 31/12/20069 Rs.
<b>SCHEDULE '6'</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
Raw materials	313,512,116		54,597,937	
Finished goods	960,665,700		1,623,464,694	
Stores, spares and tools	2,643,898		3,186,732	
		<b>1,276,821,714</b>		1,681,249,363
<b>Sundry Debtors</b> (unsecured, considered good unless otherwise stated)				
Outstanding for a period exceeding six months				
– considered good	26,104,911		409,158,128	
– considered doubtful	7,811,373		5,660,729	
Other debts	920,089,379		638,960,297	
	<b>954,005,663</b>		1,053,779,154	
Less: Provision for doubtful debts	7,811,373		5,660,729	
		<b>946,194,290</b>		1,048,118,425
<b>Cash and bank balances</b>				
Cash on hand	1,799,398		1,086,309	
Bank balance with scheduled banks:				
In current accounts	509,232,072		22,221,634	
In fixed and margin deposit accounts (under lien with banks Rs.1,0592,339,084, as at 31/3/2009 Rs.4,678,310,060)	10,915,539,085		4,678,310,060	
		<b>11,426,570,555</b>		4,701,618,003
<b>Other Current Assets</b>				
Interest accrued but not due on fixed deposits	200,821,564		255,134,096	
<b>Total 'A'</b>		<b>13,850,408,123</b>		<b>7,686,119,887</b>
<b>LOANS AND ADVANCES</b> (Unsecured, considered good)				
Loans to staff		1,323,463		1,579,158
Loans to subsidiaries / associates		193,567,430		135,370,948
Loans to others		7,015,720		21,934,448
Advances recoverable in cash or in kind or for value to be received		683,693,397		330,788,478
Deposits		32,948,283		32,244,979
MAT credit entitlement		24,396,570		
Taxes paid		351,015,570		509,383,942
Fringe benefit tax paid		8,395,087		7,272,388
<b>Total 'B'</b>		<b>1,302,355,520</b>		<b>1,038,574,341</b>
<b>Total (A + B)</b>		<b>15,152,763,643</b>		<b>8,724,694,228</b>



## Suashish Diamonds Limited

	Rs.	As at 31/03/2010 Rs.	Rs.	As at 31/12/2009 Rs.
<b>SCHEDULE '7'</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry creditors		—		—
- Due to Micro and Small Enterprises		—		—
- other than Micro and Small Enterprises (Refer note 26 of Schedule '17')		<b>418,279,816</b>		251,301,737
Due to subsidiaries		<b>143,036,264</b>		158,906,542
Advances received from customers		—		4,000,000
Interest accrued but not due on loans		<b>51,241,961</b>		32,527,880
Credit balances in current accounts with banks		<b>53,764,114</b>		20,610,034
Deposits		<b>12,830,971</b>		12,844,941
Unclaimed dividend*		<b>480,614</b>		389,161
Other liabilities		<b>2,326,570</b>		1,233,665
<b>Total 'A'</b>		<b>681,960,310</b>		481,813,960
* Amount does not include any amount which is required to be credited to the Investor Education and Protection Fund.				
<b>PROVISIONS</b>				
Provision for gratuity		<b>2,688,645</b>		2,633,208
Provision for leave encashment		<b>793,118</b>		1,010,999
Provision for income tax		<b>274,850,000</b>		385,500,000
Provision for wealth tax		<b>360,000</b>		586,000
Provision for fringe benefit tax		<b>8,400,000</b>		8,400,000
Excess of provision for loss on currency / Commodity future contracts over MTM		—		2,433,497
<b>Total 'B'</b>		<b>287,091,763</b>		400,563,704
<b>Total (A + B)</b>		<b>969,052,073</b>		882,377,664

**Suashish Diamonds Limited**

	<b>Current Year</b>		<b>Previous Year</b>
	<b>2009-2010</b>		<b>2008-2009</b>
	(Rs.)	(Rs.)	(Rs.)
<b>SCHEDULE '8'</b>			
<b>SALES AND INCOME FROM OPERATIONS</b>			
Sales	12,444,113,449		7,896,575,165
Job work sales	8,186,540		24,518,693
Exchange rate difference (net)	221,454,990		(216,169,333)
	<u>12,673,754,979</u>		<u>7,704,924,525</u>
 <b>SCHEDULE '9'</b>			
<b>INCOME/(LOSS) FROM INVESTMENTS AND FINANCIAL INSTRUMENTS</b>			
Income/(Loss) from long term investments (Other than trade)	516,370,027		(642,287,453)
Profit/(Loss) on dealing in derivative instruments	(101,103)		1,155,954
	<u>516,268,924</u>		<u>(641,131,499)</u>
Dividend income:			
On long term investments (Other than trade)	36,207,763		17,636,610
Interest Income on investments in Debentures (long term)	3,362,913		2,235,296
Share in profit/(loss) of partnership firms:			
– Goenka Trading Company	9,440,940		(23,690,729)
– Mohinidevi Goenka Investments	52,157,915		22,605,232
	<u>617,438,455</u>		<u>(622,345,090)</u>
 <b>SCHEDULE '10'</b>			
<b>OTHER INCOME</b>			
Rent	14,246,398		13,938,806
Profit on sale of fixed assets (net)	—		31,015,625
Interest on income tax refund	261,005		6,803,487
Balances written-back (net)	4,513,342		6,980,398
Discount received	—		12,039,846
Miscellaneous income	833,940		1,791,636
	<u>19,854,685</u>		<u>72,569,798</u>
 <b>SCHEDULE '11'</b>			
<b>INTEREST INCOME (NET)</b>			
Interest on other fixed/security deposits (Refer Note No.7 of Schedule '17')	76,394,158		125,794,689
Less: Interest expenditure (Other than on Fixed Loans)	(27,324,910)		(206,065,257)
	<u>49,069,248</u>		<u>(80,270,568)</u>

## Suashish Diamonds Limited

	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>SCHEDULE '12'</b>		
<b>INCREASE / (DECREASE) IN STOCKS</b>		
Closing stock of finished goods	960,665,700	1,623,464,694
Less: Opening stock of finished goods	<u>1,623,464,694</u>	<u>582,691,494</u>
	<u>(662,798,994)</u>	<u>1,040,773,200</u>
<b>SCHEDULE '13'</b>		
<b>COST OF MATERIALS</b>		
Raw materials consumed:		
Opening stock	54,597,937	350,832,274
Add: Purchases [including commission on imports and cleaving charges]	<u>6,568,603,065</u>	<u>3,857,769,175</u>
	<u>6,623,201,002</u>	<u>4,208,601,449</u>
Less: Closing stock	<u>313,512,116</u>	<u>54,597,937</u>
	<u>6,309,688,886</u>	<u>4,154,003,512</u>
Purchase of finished goods	<u>5,282,647,194</u>	<u>3,958,989,373</u>
	<u>11,592,336,080</u>	<u>8,112,992,885</u>
Less : Net Income on buyers Credit ( Refer Note No.6 & 7 of Schedule '17')	<u>152,775,314</u>	<u>119,890,030</u>
	<u>11,439,560,766</u>	<u>7,993,102,855</u>
<b>SCHEDULE '14'</b>		
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>		
Salaries, bonus, commission and allowances	54,191,088	81,619,231
Contribution to provident and other funds	1,868,075	3,996,376
Gratuity	55,438	133,800
Staff welfare expenses	<u>1,795,908</u>	<u>2,490,520</u>
	<u>57,910,509</u>	<u>88,239,927</u>

**Suashish Diamonds Limited**

	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>SCHEDULE '15'</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Processing charges	106,457,114	320,989,175
Stores, spares and tools consumed	13,557,425	22,418,362
Excise duty expenses	—	1,324,238
Power and electricity	5,065,542	13,814,451
Communication expenses	2,562,607	4,074,705
Printing and stationery	1,388,264	1,845,280
Travelling and conveyance expenses	17,465,955	22,890,481
Legal and professional charges (net)	(7,929,668)	18,553,058
Provision for doubtful debts	2,150,644	—
Bad debts	1,837,248	61,409
Rent, rates and taxes (including Rs.24,000; previous year Rs.24,000 paid to a director)	5,500,976	5,716,093
Repairs and maintenance:		
To plant and machinery	705,037	1,569,832
To buildings	1,556,484	4,478,471
To others	6,677,287	6,608,825
	8,938,808	12,657,128
Insurance charges	4,662,409	8,202,976
Auditor's remuneration:		
For audit	1,282,418	999,510
For tax audit	71,647	70,371
For taxation matters	824,749	876,091
For others	85,483	120,940
	2,264,297	2,066,912
Donations	12,183,157	286,000
Loss on sale / write off of fixed assets	282,218	2,519,481
Bank charges	18,575,553	25,195,013
Miscellaneous expenses	18,366,003	18,791,943
	213,328,552	481,406,705
 <b>SCHEDULE '16'</b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Commision and brokerage on sales	3,635,088	29,241,946
Advertisement expenses	20,452,472	15,508,761
Sales promotion expenses	10,501,491	17,483,171
ECCG premium	2,559,330	14,282,423
Freight, clearing and forwarding charges	4,574,114	4,869,279
Discount allowed	19,198,491	7,812,651
Courier charges	577,430	2,284,450
Packing expenses	886	1,190,333
Export insurance charges	3,214,625	1,216,253
	64,713,927	93,889,267

### SCHEDULE '17'

#### ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

##### 1. Significant accounting policies:

a) **Basis of preparation of financial statements:**

These Financial Statements are prepared in accordance with the generally accepted accounting principles (GAAP) in India under the historical cost convention on the accrual basis, except insurance claim, which is accounted when it is finally settled. The Financial Statements have been prepared to comply in all material respects with the notified Accounting Standards issued by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.

b) **Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) **Fixed assets:**

Fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

d) **Depreciation:**

The Company has been charging depreciation on written down value method except plant and machinery relating to Windmill, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on Windmill is provided on straight line method.

Leasehold land is amortized over the lease period.

e) **Investments:**

Investments intended to be held for more than one year are classified as long-term investments and other investments are classified as current investments. Long-term investments are valued at cost less provision, if any, for diminution in value, which is other than temporary. Current investments are valued at the lower of cost or market value on scrip wise basis.

f) **Inventories:**

i. Raw materials - Rough diamonds are valued at the lower of cost or net realisable value. The cost is determined on weighted average basis by adding purchase price, commission on purchase, cleaving charges and by reducing the sale value of rough rejection sold.

ii. Raw materials - Jewellery (gold, precious stones and others) is valued at the lower of cost or net realisable value. The cost is determined on FIFO/specific identification basis.

iii. Finished goods - Polished diamonds are valued at the lower of estimated cost as certified by directors or net realisable value.

iv. Finished goods - Jewellery is valued at the lower of cost (consisting of material cost and cost of conversion) or net realisable value. The cost of material is determined on FIFO/specific identification basis.

v. Traded goods and stores and spares are valued at the lower of cost or net realisable value. Cost is determined on FIFO basis.

g) **Revenue recognition:**

i. Revenue from export sales is recognised when delivery of goods is physically given to Customs authorities. Revenue from domestic sales is recognised when goods are delivered to the customer and the title of goods passes to the customers.

ii. Income from sale of wind energy is recognised as per terms of agreement with parties.

**h) Foreign currency transactions:**

- i. Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.
- ii. The premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.
- iii. Any profit or loss arising on settlement or cancellation of other derivative contracts (swaps and currency options) is recognised as income expense for the period.

**i) Financial / derivative instruments:**

Profit / loss in respect of the contracts for equity/commodities/currency futures/options are accounted in the profit and loss account on the expiry of the respective contract or on the same being squared-off.

In case of unsettled contracts as at the balance sheet date, mark-to-market position is recognised in case of losses and ignored in case of profits, considering conservative principle.

**j) Retirement benefits:**

- i. Retirement benefits in the form of provident fund and pension schemes are accounted on accrual basis.
- ii. Provision for gratuity liability is made on the basis of actuarial valuation at the end of the accounting year.
- iii. Liability for encashment of leave is recognised and charged to the profit and loss account in the year in which it is earned on accrual basis.

**k) Borrowing cost:**

Borrowing cost directly attributable to acquisition or construction of fixed assets, which necessarily take substantial year of time to get ready for their intended use, are capitalised. Other borrowing costs are charged to profit and loss account.

**l) Taxation:**

Tax expense comprises of current and deferred tax. Current income tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred taxes reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably/virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**m) Earnings per share:**

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year available for the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year available for equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## Suashish Diamonds Limited

### n) Accounting for provisions, contingent liabilities and contingent assets:

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

### o) Credit risk reserve:

The Company is primarily engaged in the business of diamonds and jewellery in which it is required to extend prolonged periods of credit to its customers. As such, the debtors constitute a significant part of the assets and are unsecured. Credit Risk Reserve is created by the Company to meet exceptional losses on this account as a matter of prudence. Based on the activity level, extent of receivables, the credit risk perception and other relevant factors, further transfers to this reserve are considered.

### p) Impairment:

At each balance sheet date, the Company determines whether a provision should be made for impairment loss on fixed assets (including intangible assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) - 28 "Impairment of Assets". Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

## 2. Commitments / Contingent liabilities not provided for:

Particulars	As at 31/03/2010 (Rs.)	As at 31/12/2009 (Rs.)
a) Corporate Guarantee given to ICICI Bank Limited for working facility availed by Suashish Diamond (Hong Kong) Ltd. (a wholly owned Subsidiary Company) (USD 12 million)	—	608,880,000
b) Commitment with HDFC Asset Management Company Limited (PFMS)	63,000,000	126,000,000
c) Disputed tax liability:		
i. Sales tax	2,516,895	2,516,895
ii. Income tax	—	188,008
d) Bank guarantee given by bank on behalf of the Company	473,858	473,858

## 3. In respect of the stock of raw materials (rough diamonds), cost is determined by considering the lot-wise (lot is based on value range) weighted average cost. The raw material consumption is accounted at the time of receipt of the finished goods and by reducing the sale proceeds of rough diamonds without considering profit / loss arising thereon. The method followed for computing cost is not strictly in compliance with the requirements of Accounting Standard (AS) - 2 'Valuation of Inventories' as the same is not considered to be feasible by the management.

In respect of the stock of finished goods (polished diamonds), cost is based on technical estimate by the management. In view of the nature of variation in the value of individual diamonds, the differentials in their costs, it is not practical to compute the cost of polished diamonds using either FIFO or weighted average cost. In view of the multiple grades, it is not practical to use specific cost. The basis of computing cost used, to avoid distortion in valuation, is to that extent a deviation from that prescribed by Accounting Standard (AS) - 2 'Valuation of Inventories'.

The impact on Profit for the year, reserves and surplus and inventories as at 31 March 2010, if any, due to the above deviations is not ascertainable.

## 4. The net worth of Suashish Finance Ltd., an associate, after considering the qualification in its latest audited financial statements is fully eroded.

In the opinion of directors and as a matter of prudence company had written off investment in equity share of Rs.38,500,000 and share application money of Rs.37,290,000 during the previous year ended 31 March 2009, which has been disclosed as exceptional item in the profit and loss account.

5. The profit and loss account includes remuneration to directors as follows:

	<b>Current Year 2009-2010 (Rs.)</b>	Previous Year 2008-2009 (Rs.)
Salaries, bonus and allowances	5,049,436	6,166,786
Commission	5,900,000	—
Contribution to provident funds and other funds	21,600	75,600
<b>Total</b>	<b>10,971,036</b>	<b>6,242,386</b>

**Computation of Net Profits in accordance with Section 349 of the Companies Act, 1956:**

<b>Particulars</b>	<b>Current Year 2009-2010 (Rs.)</b>	Previous Year 2008-2009 (Rs.)
Profit / (loss) before exceptional items and before tax as per profit and loss account	<b>894,508,914</b>	(573,169,406)
Add:		
Managerial remuneration	10,971,036	6,242,386
Loss on sale of Investments / dealing in derivative instrument (net)	—	641,131,499
Loss on sale of Assets / Fixed assets written-off	282,218	2,519,481
	<b>905,762,168</b>	76,723,960
Less:		
Profit on sale of fixed assets (net)	—	31,015,625
Profit on sale of Investments / dealing in derivative instrument (net)	<b>516,268,924</b>	—
Net Profit as per Section 198 of the Companies Act, 1956 for the year/period ended	<b>389,493,244</b>	45,708,335
<b>Commission @ 1% of Net Profit (from 01.04.2009 to 31.08.2009) on pro-rata basis</b>	<b>1,622,888</b>	457,083
<b>Commission @ 2% of Net Profit (01.09.2009 to 31.03.2010) on pro-rata basis</b>	<b>4,544,088</b>	—
<b>Total Commission</b>	<b>6,166,976</b>	457,083
<b>Commission restricted as determined by Board of directors</b>	<b>5,900,000</b>	Nil

The Board of Directors of the Company, pursuant to authority given by the Members to the Board of Directors in the Annual General Meeting of the Company held on 30th September 2009, has approved the revised remuneration to Mr. Ashish R. Goenka as Managing Director of the Company w.e.f. 1st September 2009 till remaining tenure of his appointment i.e. upto 31 August 2012.

6. The Company has availed buyer's credit in foreign currency from banks secured by lien on fixed deposits, for import of goods. Net income on buyer's credit Rs. 152,775,314 (previous year Rs. 119,890,030) shown in Schedule-13, "Cost of Materials" comprises of interest income of Rs. 811,741,746 (previous year Rs. 513,585,048) on fixed deposits, finance cost Rs. 513,585,514 (previous year Rs.212,431,870) and Exchange rate difference loss Rs. 145,380,918 (previous year Rs. 181,263,148).
7. Interest income included in 'Net income on buyers credit' shown in Cost of materials as per Schedule-13 Rs. 811,741,746 (previous year Rs.513,585,048), interest income on other fixed deposits / security deposits as per Schedule-11 Rs.76,394,158 (previous year 125,794,689) and interest income on investment in debentures as per Schedule-9 Rs.3,362,913 (previous year 2,235,296) includes TDS of Rs. 50,129,831 (previous year Rs.89,176,228)
8. **Quantitative information (As certified by the Management)**
- i) Licenced Capacity - Not Applicable
  - ii) Installed Capacity - Not Applicable
    - a) Diamond processing and jewellery manufacturing - Not Applicable
    - b) Windmill Power Generation Plant - 1,500 KW
  - iii) Opening Stock, Production, Purchases, Turnover and Closing Stock



## Suashish Diamonds Limited

### A. Raw Materials

Class of Goods	Units	Opening Stock 01/04/2009		Purchases/Transfer		Turnover		Closing Stock 31/03/2010		Shortage/ Gain
		Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	
Rough Diamonds	Carats	5,496.04 (114,584.36)	5,118,447 (261,521,876)	1,730,354.51 (1,566,347.40)	6,042,618,030 (3,431,052,717)	1,431,902.26 (1,226,394.48)	5,906,213,189 (2,258,944,863)	2,73,900 (5,496.04)	185,406,094 (5,118,447)	— (606.15)
Polished Diamonds	Carats	4,320.86 (7,534.31)	19,630,603 (41,365,201)	*119,817.73 *(90,229.10)	*590,638,855 *(603,629,353)	**21,007.46 ***(14,027.96)	**100,064,937 ***(157,848,888)	11,951.73 (4,320.86)	50,509,115 (19,630,603)	— (—)
Gold	Grams	21,054.32 (34,145.16)	26,162,202 (39,270,144)	291,491.79 (343,715.49)	453,496,606 (372,912,962)	***5,121.43 (11,491.99)	6,776,720 (17,246,500)	42,195.23 (21,054.32)	68,956,227 (26,162,202)	— (—)
Others			3,686,685 (8,675,053)		88,661,052 (54,040,288)		***395,421 (260,566)		8,640,680 (3,686,685)	— (—)
<b>Total</b>			<b>54,597,937</b> (350,832,274)		<b>7,175,414,543</b> (4,461,635,320)		<b>6,013,450,267</b> (2,434,300,817)		<b>313,512,116</b> (54,597,937)	— (—)

\* Includes diamonds transferred internally for captive consumption of 120,172.51 carats, value Rs.606,811,479 (previous year 90,054.91 carats, value Rs.603,866,145).

\*\* Includes diamonds transferred internally for captive consumption of 19,748 carats, value Rs.86,863,981 (previous year 7,843.23 carats, value Rs.38,068,882).

\*\*\* Includes Rs.205,334 transferred internally for captive consumption.

### B. Finished goods

Class of Goods	Units	Opening Stock		Production/ Generation	Purchases		Turnover/Transfer (Net of returns)		Closing Stock		Melting	Short- age
		Qty.	Value (Rs.)		Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)		
Polished Diamonds	Carats	*136,634.19 *(126,834.46)	1,591,934,196 (415,556,667)	8,774.09 (132,935.81)	**809,025.48 ***(619,752.53)	**10,353,158,509 ***(7,597,176,461)	***869,595.40 ****(742,621.34)	***10,690,353,974 ****(8,245,004,762)	*84,929.89 *(136,634.19)	957,842,423 (1,591,934,196)	— (—)	(91.54) (267.27)
Jewellery	Pieces	11,275 (21,544)	31,530,498 (87,570,891)	325,689 (320,002)	— (9,453)	— (2,618,470)	319,230 (321,702)	# 1,408,649,317 (1,375,031,788)	11,229 (11,275)	2,823,277 (31,530,498)	6,505 (13,942)	— (4,080)
Electricity	KWH	— (—)	— (—)	2,672,403 (2,901,213)	— (—)	— (—)	2,672,403 (2,901,213)	8,984,098 (9,722,148)	— (—)	— (—)	— (—)	— (—)
<b>Traded goods:</b>												
Silver	Kg	— (88.48)	— (1,645,818)	— (—)	— (—)	— (—)	— (88.48)	— (1,942,114)	— (—)	— (—)	— (—)	— (—)
Chana	MT	— (327.65)	— (9,104,580)	— (—)	— (1,022.81)	— (25,227,348)	— (1350.46)	— (31,377,901)	— (—)	— (—)	— (—)	— (—)
Pepper	MT	— (259.88)	— (39,461,891)	— (—)	— (—)	— (—)	— (259.88)	— (37,992,438)	— (—)	— (—)	— (—)	— (—)
Others			— (29,351,647)	— (—)	— (—)	— (4,765,515)	— (—)	— (35,867,763)	— (—)	— (—)	— (—)	— (—)
<b>Total</b>			<b>1,623,464,694</b> (582,691,494)			<b>10,353,158,509</b> (7,629,787,794)		<b>12,107,987,389</b> (9,736,938,914)		<b>960,665,700</b> (1,623,464,694)		

\* Includes diamonds of 24.19 carats received through court for which value has been taken as Rs.'Nil' since the claim is yet to be settled.

\*\* Includes diamonds of 375,808.07 carats, value Rs. 5,070,511,315 (previous year 309,764.02 carats, value Rs.3,670,798,421 transferred internally for captive consumption).

\*\*\* Includes diamonds of 475,022.22 carats, value Rs.5,568,827,231 (previous year 391,975.70 carats, value Rs.4,236,595,684) transferred internally for captive consumption.

# Includes value of Rs.21,427,662 for 6505 pieces transferred internally on melting.

### 9. i) Consumption of Raw Materials

Particulars	Unit	Quantity	Value (Rs.)
Rough diamonds	Carats	30,048.29 *(449,647.39)	-43,882,806 (1,428,511,283)
Polished diamonds	Carats	91,179.40 (79,414.59)	459,695,406 (467,515,063)
Gold (100% indogenous)	Grams	265,229.45 (345,314.34)	403,925,861 (368,774,404)
Others		— (—)	83,311,636 (58,768,090)
<b>Total</b>			<b>903,050,097</b> (2,323,568,840)

\* Excludes 606.15 carats gain during the year.

#### Notes:

- The consumption of rough diamonds shown above has been arrived at on the basis of opening stock plus purchases as reduced by sales, closing stock and adjusted for shortages or gains. Profit / loss, if any, on sale of raw materials (rough diamonds) gets adjusted in the consumption. Consumption of polished diamonds pertains to captive consumption by the Company for manufacturing of Jewellery.
- It is not feasible to give breakup of all raw materials consumed into imported and indogenous category in view of nature of business of the Company

ii) **Stores and Spare parts consumed**

	Current Year 2009-2010		Previous Year 2008-2009	
	Value (Rs.)	%	Value (Rs.)	%
Imported	<b>4,085,738</b>	<b>30.14</b>	14,854,520	66.26
Indigenous	<b>9,471,687</b>	<b>69.86</b>	7,563,842	33.74
<b>Total</b>	<b>13,557,425</b>	<b>100.00</b>	22,418,362	100.00

	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>10. C.I.F. Value of Imports:</b>		
Stores and spares	<b>3,299,371</b>	13,041,225
Polished diamonds	<b>4,088,912,073</b>	3,081,313,153
Rough diamonds	<b>5,949,562,308</b>	3,103,907,955
Raw materials -others	<b>5,038,749</b>	13,519,620
Capital goods	—	1,710,909
<b>11. I. Expenditure in Foreign Currency:</b> (payment basis)		
a) Commission on imports	<b>11,718,211</b>	11,251,673
b) Foreign travelling expenses	<b>3,475,840</b>	8,035,767
c) Interest on foreign currency loans and credit facilities	<b>159,537,859</b>	287,273,492
d) Consultancy fees	<b>2,760,055</b>	2,701,119
e) Others	<b>44,082,125</b>	44,227,413
<b>II. Remittance in Foreign Currency:</b>		
The Company has not made any remittance in foreign currencies on account of dividends and does not have information as to the extent of which remittances in foreign currencies on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividends paid to non-resident shareholders are as under:		
	Current Year 2009-2010	Previous Year 2008-2009
i. Number of non-resident shareholders	NA	12
ii. Number of shares held by them	NA	1,113,795
iii. Year to which dividend relates	NA	2008
iv. Amount of dividend paid (Rs.)	NA	2,088,366
	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>12. Earning in Foreign Currency:</b>		
F.O.B. value of exports	<b>10,403,813,419</b>	5,102,357,422
Discount received	<b>251,284</b>	12,039,846
Reimbursement of expenses	<b>35,778,387</b>	12,759,711
Interest received	<b>519,791</b>	78,218
<b>13. Amounts due from Companies under the same management included in sundry debtors are as follows:</b>		
<b>Particulars</b>	<b>As at 31/03/2010 (Rs.)</b>	<b>As at 31/03/2009 (Rs.)</b>
Suashish Diamonds (Hong Kong) Ltd.	<b>80,158,001</b>	188,783,693
Suashish Jewels Inc.	—	93,327,868
Suashish Jewelry India Ltd.	<b>3,014,948</b>	60,387,644
Goenka Trading Company	<b>611,021</b>	549,367
Total	<b>83,783,970</b>	<b>343,048,572</b>

## Suashish Diamonds Limited

### 14. Amounts due from Companies under the same management included in Loans and Advances are as follows:

Particulars	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
Suashish Diamonds (Botswana) (Proprietary) Ltd. (Maximum balance outstanding during the year Rs.353,114,394, previous year Rs.535,636,111)	337,968,824	51,222,126
Goenka Laser House Private Ltd. (Maximum balance outstanding during the year Rs.7,434,291, previous year Rs.7,533,107)	—	7,264,291
Suashish Realtors Private Ltd. (Maximum balance outstanding during the year Rs.30,965,188, previous year Rs.16,879,745)	30,750,706	12,049,548
Suashish Properties Private Ltd. (Maximum balance outstanding during the year Rs.46,112,830, previous year Rs.23,130,681)	45,880,656	15,026,438
Suashish Diamdeal (India) Ltd. (Maximum balance outstanding during the year Rs.14,172,463, previous year Rs. 17,221,279)	6,150,286	14,172,463
Suashish Realty Private Ltd. (Maximum balance outstanding during the year Rs. 9,589,015, previous year Rs.12,663,594)	8,949,015	9,589,015
Suashish Finance Ltd. (Maximum balance outstanding during the year Rs. 25,000, previous year Rs.37,417,000)	25,000	—
Suashish Jewelry India Ltd. (Maximum balance outstanding during the year Rs.194,865,006, previous year Rs.166,771,955)	184,715,430	125,878,948
Taruvarsh Leasing Company Pvt. Ltd. (Maximum balance outstanding during the year Rs.100,000, previous year Rs.490,774)	100,000	100,000
<b>Total</b>	<b>614,539,917</b>	<b>235,302,828</b>

Note: The above loans and advances have no fixed repayment schedule and are interest free.

15. In an earlier year, there was a robbery of 2,840.18 carats of diamonds at one of the Company's sub-contractor's premises for which the Company had lodged a claim with the insurance company. Pending the settlement of the claim by the insurance company, the value of aforesaid diamonds continues to be included in the stock of rough diamonds and the loss in this respect, if any, would be accounted in the year in which the claim is finally settled. 24.19 carats of polished diamonds received through court continue to be included in the closing stock of polished diamonds at Nil value.

### 16. Earnings per Share:

	Current Year 2009-2010	Previous Year 2008-2009
(i) Net profit/(loss) after tax available for equity share holders (Rs.)	703,986,234	(598,256,228)
(ii) Weighted average number of equity shares outstanding during the year / year	20,763,300	20,763,300
(iii) Basic and Diluted earnings/(loss) per share (Rs.)	33.91	(28.81)
(iv) Nominal value of share (Rs.)	10.00	10.00

### 17. Lease Disclosures:

- i. The Company has entered into lease agreement and had given certain portion of premises on lease to others, which were in the nature of operating leases cancelable in nature. Disclosures in respect of gross block, accumulated depreciation and depreciation charge for the year on the lease portion cannot be ascertained separately and hence not disclosed. There is no impairment loss in respect of the leased assets as at year end.

The future minimum lease payments receivable at the Balance Sheet date are as follows:

<b>Future minimum lease payments receivable for the period</b>	<b>As at 31/03/2010 (Rs.)</b>	<b>As at 31/03/2009 (Rs.)</b>
i. During the aggregate remaining year of lease;	—	45,718,262
ii. Not later than one year;	—	15,754,965
iii. Later than one year and not later than five years;	—	29,963,297
iv. Later than five years	—	—

The amount of minimum lease payments received with respect to the above lease recognised in the profit and loss account for the year is Rs. 15,754,966/- (previous year Rs.15,498,776)

- ii. The Company has entered into one (previous year two) lease agreement for use of premises by it, which are in the nature of operating leases.

The future minimum lease payments for these non-cancellable leases at the balance sheet date is as follows:

<b>Future minimum lease payments payable for the year</b>	<b>As at 31/03/2010 (Rs.)</b>	<b>As at 31/03/2009 (Rs.)</b>
i. Not later than one year	<b>40,500</b>	108,000
ii. Later than one year and not later than five years	—	40,500
iii. Later than five years	—	—

The amount of minimum lease payments with respect to the above leases recognised in the profit and loss account for the year is Rs.100,000 (previous year Rs.565,000).

18. Major components of Deferred Tax Assets and Liabilities arising on account of timing differences are as below:

Particulars	As at 31/03/2010		As at 31/03/2009	
	Deferred Tax Assets (Rs.)	Deferred Tax Liabilities (Rs.)	Deferred Tax Assets (Rs.)	Deferred Tax Liabilities (Rs.)
Depreciation		<b>32,623,841</b>	—	34,900,764
Loss on sale of Assets	<b>95,926</b>			
Provision for doubtful debts	<b>2,655,086</b>		1,924,082	—
Short term capital losses			73,055,333	—
Unabsorbed depreciation			5,046,525	—
Expenses allowable on payment basis for tax purpose	<b>1,666,147</b>		1,637,392	—
Total	<b>4,417,159</b>	<b>32,623,841</b>	81,663,332	34,900,764
Deferred tax assets / (liabilities) - Net	<b>(28,206,682)</b>		46,762,568	

**19. Segment Reporting:**

The Company has only one business segments viz. Gem and Jewellery, which is considered as the primary segment.

The financial information about business segment is not applicable since segment results / revenue / assets of the wind mill business are not more than 10 percent of the combined business results / revenue / assets.

Information regarding the secondary segment, i.e. 'geographical segments' is given below:

Sr. No.	Particulars	Geographical segments		Total
		Outside India	Within India	
1.	<b>Segment Revenue</b>			
	Sales and income from operations	10,431,931,862 (4,374,488,294)	2,241,823,117 (3,330,436,231)	12,673,754,979 (7,704,924,525)
2.	<b>Carrying amount of assets by geographical location of assets</b>			
	Segment assets	1,286,621,732 (904,039,113)	16,142,115,250 (9,533,037,705)	17,428,736,982 (10,437,076,818)
3.	<b>Additions to fixed assets</b>			
		— (—)	2,545,162 (6,262,103)	2,545,162 (6,262,103)

**Notes:**

- i. Secondary segments identified are as per the requirements of Accounting Standard (AS) -17 'Segment Reporting', taking into account the organisation structure as well as the differing risks and returns.
- ii. The segment revenue and total assets includes the revenue and assets respectively, which are identifiable with each

## Suashish Diamonds Limited

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segment and amounts allocated to the segments on a reasonable basis.

### 20. Related Party Disclosures:

i. Related Party Relationships:

- |  |   |  |
|--|---|--|
| a) Subsidiaries<br>(Enterprises where control exists):                         | : | Suashish Diamonds (Hong Kong) Ltd.<br>Suashishstar Inc.<br>Suashish Diamond (Shanghai) Ltd.<br>Suashish Jewels Inc.<br>Suashish Diamonds (Botswana) (Proprietary) Ltd.<br>Goenka Trading Company<br>Mohinidevi Goenka Investments<br>Suashish Jewelry India Limited  |
| b) Associates  | : | Suashish Finance Ltd.<br>Taruvarsh Leasing Company Pvt. Ltd.<br>Suashish Realty Pvt. Limited.  |
| c) Key management personnel  | : | Mr. Ashish R. Goenka<br>Mr. Rajeshkumar R. Kedia<br>Mr. Pawan Bagla (upto 31/12/2008)  |
| d) Relatives of key management personnel                                       | : | Mr. Rameshkumar S. Goenka<br>Mrs. Lavina A. Goenka<br>Master Ishan A. Goenka<br>Miss Ananya A. Goenka<br>Mrs. Amita Kedia<br>Mr. Siddharth Kedia   |
| e) Enterprises on which key management<br>personnel have significant influence | : | Rameshkumar S. Goenka (HUF)<br>Fabulous Holdings Pvt. Ltd.<br>Goenka Holdings Pvt. Ltd.<br>Rapid Holdings Pvt. Ltd.<br>Radiant Holdings Pvt. Ltd.<br>Suashish Diamdeal (India) Ltd.<br>Suashish Realtors Pvt. Ltd.<br>Suashish Properties Pvt. Ltd.<br>Goenka Laser House Pvt. Ltd.<br>Mohinidevi Goenka Trust |

### Notes:

1. The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS) -18 'Related Party Disclosures' and the same have been relied upon by the auditors.
2. The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the current year /previous year, except where control exists, in which case the relationships have been mentioned irrespective of transactions with the related party.

ii. Transactions with Related Parties:

(Figures in Rs.)

Particulars	Related Parties					Total
	Subsidiaries	Associates	Key Management Personnel	Relatives of key Management Personnel	Enterprises on which key Management Personnel have significant influence	
Reimbursements made towards expenses	— (—)	— (—)	— (—)	— (—)	1,236,714 (838,808)	1,236,714 (838,808)
Reimbursements received against expenses incurred	8,601,210 (7,268,965)	— (162,025)	— (—)	— (—)	— (—)	8,601,210 (7,430,990)
Rent expense incurred	— (—)	— (—)	24,000 (24,000)	— (—)	148,264 (148,264)	172,264 (172,264)
Consultancy charges paid	— (—)	— (—)	— (—)	971,732 (1,246,000)	— (—)	971,732 (1,246,000)
Sale of polished diamonds	1,416,106,824 (1,447,428,605)	— (—)	— (—)	9,415,895 (283,159)	— (—)	1,425,522,719 (1,447,711,764)
Sale of rough diamond	— (145,118)	— (—)	— (—)	— (—)	— (—)	— (145,118)
Sale of jewellery	149,082,761 (203,184,613)	— (—)	— (—)	— (—)	— (—)	149,082,761 (203,184,613)
Sale of silver	— (91,405)	— (—)	— (—)	— (—)	— (—)	— (91,405)
Sale of Raw Material-Findings	4,643 (—)	— (—)	— (—)	— (—)	— (—)	4,643 (—)
Purchase of polished diamonds	1,377,153,579 (1,23,358,256)	— (—)	— (—)	— (—)	— (—)	1,377,153,579 (1,234,358,256)
Purchase of rough diamond	25,858,957 (60,952,641)	— (—)	— (—)	— (—)	— (—)	25,858,957 (60,952,641)
Purchase of Jewellery	340,827 (376,403)	— (—)	— (—)	— (—)	— (—)	340,827 (376,403)
Purchase of raw materials	— (1,719,892)	— (—)	— (—)	— (—)	— (—)	— (1,719,892)
Dividend paid	— (—)	— (23)	— (1,125,000)	— (3,678,915)	— (28,258,125)	— (33,062,063)
Managerial remuneration	— (—)	— (—)	10,971,036 (6,242,386)	— (—)	— (—)	10,971,036 (6,242,386)
Loan given	216,710,538 (98,865,748)	35,000 (567,000)	— (—)	— (—)	121,024,000 (15,265,000)	337,769,538 (114,697,748)
Loan given received back	157,874,056 (50,049,000)	675,000 (—)	— (—)	— (—)	56,806,000 (—)	215,355,056 (50,049,000)
Share application money refund received	— (466,848,487)	— (190,000)	— (—)	— (—)	— (—)	— (467,038,487)
Share application money paid	306,684,515 (254,023,737)	25,000 (83,000)	— (—)	— (—)	— (—)	306,709,515 (254,106,737)
Interest received on share application money	5,191,791 (—)	— (—)	— (—)	— (—)	— (—)	5,191,791 (—)
Capital introduced in partnership firm	925,907,481 (1,925,503,735)	— (—)	— (—)	— (—)	— (—)	925,907,481 (1,925,503,735)
Capital withdrawn from partnership firm	1,222,476,712 (2,357,700,000)	— (—)	— (—)	— (—)	— (—)	1,222,476,712 (2,357,700,000)
Investment written off	— (—)	— (38,500,00)	— (—)	— (—)	— (—)	— (38,500,000)
Share application money written off	— (—)	— (37,290,00)	— (—)	— (—)	— (—)	— (37,290,000)
Sale of fixed assets	68,657 (200,000)	— (—)	— (—)	— (—)	— (—)	68,657 (200,000)
Balances receivable as at year end	605,857,203 (520,149,646)	9,685,036 (9,689,015)	— (—)	— (—)	111,345,761 (48,512,740)	726,888,000 (578,351,401)
Balances payable as at year end	143,266,515 (159,136,793)	— (—)	— (—)	— (—)	— (—)	143,266,515 (159,136,793)

Note: Figures in the brackets are for the previous year.

## Suashish Diamonds Limited

iii. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

Particulars	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>Reimbursements made towards expenses</b>		
Suashish Realtors Private Ltd.	294,482	193,837
Suashish Properties Private Ltd.	292,174	185,635
Goenka Laser House Private Ltd.	325,029	229,668
Suashish Diamdeal (India) Ltd.	325,029	229,668
<b>Reimbursements received against expenses incurred</b>		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	8,036,020	6,718,730
<b>Rent expense incurred</b>		
Suashish Realtors Private Ltd.	38,360	38,360
Suashish Properties Private Ltd.	31,608	31,608
Goenka Laser House Private Ltd.	39,148	39,148
Suashish Diamdeal (India) Ltd.	39,148	39,148
Ashish R. Goenka	24,000	24,000
<b>Consultancy charges paid</b>		
Amita Kedia	320,400	840,000
Siddharth Kedia	651,332	406,000
<b>Sale of polished diamonds</b>		
Suashish Diamonds (Hong Kong) Ltd.	1,222,419,457	1,028,893,884
Suashish Jewelry India Ltd.	186,402,871	315,998,259
<b>Sale of rough diamonds</b>		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	—	145,118
<b>Sale of jewellery</b>		
Suashish Jewels Inc.	145,883,784	199,208,655
<b>Sale of raw material-findings</b>		
Suashish Jewelry India Ltd.	4643	—
<b>Sale of silver</b>		
Suashish Jewelry India Ltd.	—	91,405
<b>Purchase of polished diamonds</b>		
Suashish Diamonds (Hong Kong) Ltd.	965,469,969	530,233,404
Suashish Jewels Inc.	—	156,326,250
Suashish Diamonds (Botswana) (Proprietary) Ltd.	328,065,203	547,798,602
<b>Purchase of rough diamonds</b>		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	25,858,957	60,952,641
<b>Purchase of jewellery</b>		
Suashish Diamonds (Hong Kong) Ltd.	—	311,545
Suashish Jewels Inc.	340,827	64,858
<b>Purchase of raw materials</b>		
Suashish Jewels Inc.	—	1,719,892
<b>Dividend paid</b>		
Rapid Holdings Pvt. Ltd.	—	6,320,625
Radiant Holdings Pvt. Ltd.	—	6,320,625
Fabulous Holdings Pvt. Ltd.	—	6,320,625
Goenka Holdings Pvt. Ltd.	—	6,320,813

**Suashish Diamonds Limited**

Particulars	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>Managerial remuneration</b>		
Mr. Ashish R. Goenka	10,700,000	4,800,000
Mr. Pawan Bagla	—	1,120,980
<b>Loan given</b>		
Suashish Jewelry India Ltd.	216,710,538	98,865,748
Suashish Properties Private Ltd.	71,909,000	—
Suashish Realtors Private Ltd.	48,774,000	—
<b>Loan given received back</b>		
Suashish Realtors Private Ltd.	22,910,000	—
Suashish Properties Private Ltd.	33,896,000	—
Suashish Jewelry India Ltd.	157,874,056	50,049,000
<b>Share application money refund Received</b>		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	—	466,848,487
<b>Share application money paid</b>		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	306,684,515	254,023,737
<b>Interest received on share application money</b>		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	5,191,791	—
<b>Capital introduced in partnership firm</b>		
Goenka Trading Company	916,122,481	678,047,535
Mohinidevi Goenka Investment	—	1,247,456,200
<b>Capital withdrawn from partnership firm</b>		
Goenka Trading Company	659,859,712	1,080,993,000
Mohinidevi Goenka Investment	562,617,000	1,276,707,000
<b>Investment written off</b>		
Suashish Finance Ltd.	—	38,500,000
<b>Share application money written off</b>		
Suashish Finance Ltd.	—	37,290,000
<b>Sale of fixed assets</b>		
Suashish Jewelry India Ltd	68,657	—
Suashish Diamonds (Botswana) (Proprietary) Ltd.	—	200,000
<b>Balances receivable as at year / year end</b>		
Suashish Diamonds (Hong Kong) Ltd.	80,158,001	188,783,693
Suashish Diamonds (Botswana) (Proprietary) Ltd.	337,968,824	—
Suashish Jewels Inc.	—	93,327,868
Suashish Jewelry India Ltd.	187,730,378	186,266,592
<b>Balances payable as at year / year end</b>		
Suashish Jewels Inc.	28,980,877	—
Suashish Diamonds (Botswana) Private Limited	—	—
Suashish Diamonds (Hong Kong) Ltd.	114,055,387	148,184,640

The working capital facilities of Rs. 525 crores are secured by equitable mortgage by deposit of title deeds of factory premises including plot of land of the Company in Mumbai and office premises of four companies in which directors have significant influence, hypothecation of stock-in-trade, book debts, movables and other assets both present and future. Goenka Trading Co a partnership firm in which directors having significant influence has executed Negative Lien in favour of the consortium for its property at Bandra Kurla Complex, Mumbai.



## Suashish Diamonds Limited

21. Disclosures in respect of defined benefit plans (gratuity - unfunded) as required under Accounting Standard (AS) -15 "Employee Benefits" are as under:

i) **Principal assumption used in determining Gratuity:**

Particulars	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
Discount rate	8.25% p.a.	8% p.a.
Salary growth rate	6% p.a.	6% p.a.
Retirement age	60 years	60 years

ii) **Change in the present value of the defined Gratuity benefits obligations:**

Particulars	01/04/2009 to 31/03/2010 (Rs.)	01/04/2008 to 31/03/2009 (Rs.)
Present value of defined benefits obligations as at beginning of the year	2,633,208	3,098,124
Interest cost	217,240	247,850
Current service cost	447,320	448,089
Benefit paid	—	(598,716)
Actuarial (gain) / loss on defined benefits obligation	(609,123)	(562,139)
Projected benefit obligation as at year end	2,688,645	2,633,208

iii) **Amount to be recognised in the Balance Sheet**

Particulars	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
Present value of defined benefits obligation as on balance sheet date	2,688,645	2,633,208
Fair Value of plan Assets	—	—
<b>Liability recognised in balance sheet date</b>	<b>2,688,645</b>	<b>2,633,208</b>

iv) **Amounts to be recognised in the Profit and Loss Account**

Particulars	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
Service cost	447,320	448,089
Interest cost of obligation	217,240	247,850
Expected return on plan assets	—	—
Net actuarial (gain) / loss	(609,123)	(562,139)
<b>Total expense recognised in the statement of profit and loss account</b>	<b>55,437</b>	<b>133,800</b>

22. Particulars of commodity futures contracts open as at period-end are as follows:

Sr. No.	Name of Future	As at 31/03/2010 (M.T.)	As at 31/03/2009 (M.T.)	Daily settlement price as on last trading day of previous year Rs.	Type of Position
1	TURMERIC 25/03/2009	—	500	5,399	Sell
2	TURMERIC 30/03/2009	—	500	5,209.16	Buy
3	TURMERIC 31/03/2009	—	500	5209.16	Sell

23. Particulars of currency futures contracts open as at year-end are as follows:

Sr. No.	Name of Future	As at 31/03/2010 (M.T.)	As at 31/03/2009 (M.T.)	Daily settlement price as on last trading day Rs.	Type of Position
1	USD-INR-MCX 24/03/2009	—	4,000,000	50.9175	Buy

**24. Derivative Instruments:**

The Company uses forward exchange contracts to hedge its exposure in foreign currency risk. The information on derivative instruments is as follows:

a) Derivative instruments outstanding as at period end are as follows:

Particulars	Currency	As at 31/03/2010		As at 31/03/2009	
		Amount in foreign currency	Amount (Rs.)	Amount in foreign currency	Amount (Rs.)
Currency swaps against principal / interest payable on foreign currency loans	INR/USD	227,749,597.28	10,788,079,729	72,004,346	3,300,434,608
Currency swaps against principal / interest payable on foreign currency loans	INR/JPY	—	—	1,419,951,507	580,199,187

b) Foreign currency exposures not specifically covered by forward exchange contracts as at year end are as follows:

Particulars	Currency	As at 31/03/2010		As at 31/03/2009	
		Amount in foreign currency	Amount (Rs.)	Amount in foreign currency	Amount (Rs.)
Debtors	USD	19,613,800	880,267,362	18,315,452	927,584,940
Creditors	USD	7,373,500	350,517,026	6,591,412	334,449,953
Share application money	USD	7,547,130	338,715,194	1,015,930	51,497,492
Cash on hand	HKD	31,063	204,500	400	2,616
	USD	6,352	299,406	3,046	154,398
	GBP	3,515	262,456	—	—
	Baht	33,470	49,870	—	—
	Other Currencies		81,140		42,655

c) Forward contract outstanding as at year end in respect of exports USD (as at 31/03/2009 USD 15,194,387), imports USD Nil (as at 31/03/2009 USD 142,500,000) and investments USD (as at 31/03/2009 USD 1,766,500).

25. The Company has not received any information from its suppliers regarding their registration under the 'Micro, Small and Medium Enterprises Development Act, 2006'. Hence interest if any payable as required under Act has not been provided and the information required to be given in accordance with Section 22 of the said Act, is not ascertainable and hence, not disclosed.
26. The Company is required to comply with the transfer pricing regulations under Section 92-92F of the Income Tax-Act, 1961. The management is of the opinion that its international transactions are at arms length and that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
27. In the opinion of the Directors, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business and are subject to confirmations.
28. Previous year's figures have been rearranged or regrouped wherever necessary and figures in brackets indicate the corresponding figures for previous year.

**Signature to Schedules '1' to '17'**

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**  
Partner

Membership No. 34709  
Mumbai, 10<sup>th</sup> August, 2010

On behalf of the Board of Directors

**Ashish R. Goenka**  
**Rajesh R. Kedia**  
**Shrikant Mohn**

Managing Director  
Wholetime Director  
Company Secretary

Mumbai, 10<sup>th</sup> August, 2010

## Suashish Diamonds Limited

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1. Name of the Subsidiary Company	Suashish Diamonds (Botswana) (Proprietary) Ltd.	Suashish Diamonds (Hong Kong) Ltd.	Suashish Diamonds (Shanghai) Company Ltd.	Suashish Jewels Inc.	Suashish Jewelry India Limited	Suashishstar Inc
2. Financial Year ended on	31.3.2010	31.3.2010	31.3.2010	31.3.2010	31.3.2010	31.3.2010
3. Holding Company's Interest in the Subsidiary Company						
a) No. of Equity Shares held in the Subsidiary Company	3,000	3,700,000	200,000	10	50,000	10
b) Face Value per Share	Pula 1	US\$ 1	US\$ 1	US\$ 10,000	Rs. 10	US\$ 1000
c) Percentage of holding	100	100	100	47.62	100	100
4. The Net aggregate amount of Subsidiary's Profit / (Loss) so far as it concerns the members of Holding Company not dealt with in the Holding Company's Accounts						
a) For the Current Financial Year	(14,540,232)	17,357,338	(4,637,561)	15,293,519	240,998,082	Not Available
b) For the Previous Financial Year since it became a subsidiary.	(4,938,683)	(28,696,869)	(1,563,713)	1,373,654	111,941,434	Not Available
5. The Net aggregate amount of Profits/Losses) of the Subsidiary which has been dealt with in the Holding Company's account						
a) For the Current Financial Year	NIL	NIL	NIL	NIL	Not Applicable	Not Applicable
b) For the Previous Financial period since it became a subsidiary.	NIL	NIL	NIL	NIL	Not Applicable	Not Available

On behalf of Board of Directors

**Ashish R. Goenka**

Managing Director

**Rajeshkumar R. Kedia**

Wholetime Director

Mumbai, 10th August, 2010.

**ANNEXURE 'A'**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(As per GSR No. 388(E) [F No. 3/24/94-CLV] dated 15/05/1995)

**I. Registration Details**

Registration No.	:	49085
State Code	:	11
Balance Sheet Date	:	31/03/2010

**II. Capital raised during the year** : **(Amount in Rs. Thousands)**

Public Issue (Net of allotment money in arrears)	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

**III. Position of Mobilisation and Deployment of Funds** : **(Amount in Rs. Thousands)**

Total Liabilities	:	17,812,544
Total Assets	:	17,812,544

**Sources of Funds**

Paid-up Capital (including Forfeited Shares)	:	208,121
Reserves & Surplus	:	5,736,674
Secured Loans	:	10,870,491
Unsecured Loans	:	—
Deferred tax liabilities (Net)	:	28,206

**Application of Funds**

Net Fixed Assets (including Capital Work-in-Progress / Capital Advances)	:	304,583
Investments	:	2,355,197
Deferred Tax Assets (Net)	:	—
Net Current Assets	:	14,183,712

**IV. Performance of Company** : **(Amount in Rs. Thousands)**

Turnover	:	13,360,117
Total Expenditure (Net of increase/decrease in stocks)	:	12,465,605
Profit / (loss) before Tax	:	894,509
Profit after Tax	:	828,212
Basic/diluted earnings / (loss) per Share in Rs. (Not annualised)	:	33.91 (Face Value Rs. 10)
Dividend rate (%)	:	—

**V. Generic Names of Three Principal Products/  
Services of the Company** : **(As per monetary terms)**

i. Item Code No. (ITC Code)	:	710239.01
Product Description	:	Cut and polished diamonds
ii. Item Code No. (ITC Code)	:	710231.00
Product Description	:	Rough Diamonds
iii. Item Code No. (ITC Code)	:	711319.03
Service Description	:	Precious and semi-precious studded Gold Jewellery

# Auditors' Report

## ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SUASHISH DIAMONDS LIMITED GROUP

To,  
The Board of Directors  
Suashish Diamonds Limited

1. We have audited the attached consolidated balance sheet of Suashish Diamonds Limited ('the Company') and its subsidiaries ('the Group') as at 31 March 2010 and the related consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain consolidated entities / subsidiaries, namely, Suashish Diamonds (Hong Kong) Ltd., Suashish Diamonds (Shanghai) Ltd., M/s. Goenka Trading Company and Suashish Diamonds (Botswana) (Proprietary) Limited, whose financial statements reflect total assets of Rs.879,539,982 as at 31 March 2010, total revenue of Rs.1,686,785,695 and cash outflows amounting to Rs.16,245,082 for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries, is based solely on the report of other auditors.
4. The financial statements of one subsidiary i.e. Suashishstar Inc., U.S.A. are not available to the Group since last five years as the records of this subsidiary company are in possession of liquidator of joint venture partner. Hence, financial statements of the said subsidiary could not be consolidated in the consolidated financial statements of the group in the current year as well as earlier periods.
5. Further, attention is drawn to the following:
  - a) *We did not audit the financial statements of Suashish Jewels Inc. a subsidiary, whose financial statements reflect total assets of Rs.341,564,542 as at 31 March 2010, total revenue of Rs.1007,637,370 and cash flows amounting to Rs.393,350 for the year ended on that date. For the purpose of consolidated financial statements for the year ended 31 March 2010, Accountant's Compilation Report has been furnished. As such, these financial statements are unaudited. In the absence of audit reports covering such financial statements, we are unable to express any opinion, insofar as it relates to the amounts included in respect of the said subsidiary in the consolidated financial statements.*
  - b) *The adjustments for unrealised profit pertaining to unsold inventories, out of sales made within the Group, as at 1 April 2009 and as at 31 March 2010 of Rs. 35,692,274 and Rs.31,110,917 respectively, are as estimated by the management of the Company. In the absence of adequate basis to independently confirm the amounts of such adjustments, the same have been relied upon by us;*
  - c) *Note 4 of Schedule '17' for valuation of rough diamonds, polished diamonds and work-in-progress by the Company not in accordance with Accounting Standard (AS)-2 'Valuation of Inventories'. The impact whereof on the profit for the year, reserves and surplus and inventories as at 31 March 2010 could not be ascertained;*
  - d) *Note 5 of Schedule '17' for non compliance with Accounting Standard (AS)-10 'Accounting for Fixed Assets', due to which reserves and surplus as at 31 March 2010 is lower by Rs.150,370,854;*
  - e) *Note 6(ii) of Schedule '17' for non provision towards diminution in value of long term investment Rs.12,033,010 and loans and advances given to a body corporate Rs.17,782,738 by Taruvarsh Leasing Company Private Limited, an associate considering the qualifications in the auditor's report of the said associate. Share of loss for the year is accounted without considering the qualifications in the auditor's report of the said associate. The impact whereof on the profit for the year, reserves and surplus and investments as at 31 March 2010 could not be ascertained.*
  - f) *Note 8 of Schedule '17' for differences in accounting policy for depreciation; and*

6. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS)-21, 'Consolidated Financial Statements' and Accounting Standard (AS)-23, 'Accounting for Investments in Associates in Consolidated Financial Statements'.
7. Based on our audit and on consideration of report of other auditors on separate financial statements and other financial information of the components, as mentioned in above paragraph 3, and to the best of our information and according to the explanations given to us, *subject to paragraphs 4 and 5 above*, we are of the opinion that the attached consolidated financial statements read with other notes thereon in Schedule '17', give a true and fair view in conformity with the accounting principles generally accepted in India in the case of:
  - a) the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2010;
  - b) the consolidated profit and loss account, of the profit for the year ended on that date; and
  - c) the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants  
Firm Reg No.121750W

**(Nirmal Jain)**  
Partner  
Membership No. 34709

Mumbai, Dated: 10 August 2010

# Consolidated Balance Sheet

As at 31 March 2010

	Schedule	Rs.	As at 31/03/2010 Rs.	Rs.	As at 31/03/2009 Rs.
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' funds:</b>					
Share capital	1	208,120,500		208,120,500	
Reserves and surplus	2	5,983,886,972		5,160,833,450	
			6,192,007,472		5,368,953,950
			(266,182,141)		(3,511,553)
<b>Minority interest</b>					
<b>Loan funds:</b>					
Secured loans	3	10,880,171,569		5,168,965,270	
Deferred tax liabilities (net)			33,792,672		3,907,135
<b>Total</b>			<b>16,839,789,572</b>		<b>10,538,314,802</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed assets</b>					
Gross block	4	945,922,500		948,109,579	
Less : Depreciation		466,146,533		430,012,377	
Net block		479,775,967		518,097,202	
Add: Capital work-in-progress / advances to suppliers of fixed assets		197,178,152		195,458,048	
			676,954,119		713,555,250
<b>Investments</b>	5		1,727,656,470		1,537,719,561
Deferred tax assets (net)			—		46,762,568
<b>Current assets, loans and advances</b>					
Inventories	6	1,916,515,329		1,957,938,389	
Sundry debtors		927,874,764		1,206,469,853	
Cash and bank balances		11,441,756,645		4,735,344,093	
Other current assets		200,821,564		255,134,096	
Loans and advances		835,621,063		880,118,884	
<b>Total 'A'</b>		<b>15,322,589,365</b>		<b>9,035,005,315</b>	
<b>Less : Current liabilities and provisions</b>					
Current liabilities	7	599,243,412		394,080,069	
Provisions		288,166,970		400,647,823	
<b>Total 'B'</b>		<b>887,410,382</b>		<b>794,727,892</b>	
<b>Net current assets (A-B)</b>			<b>14,435,178,983</b>		<b>8,240,277,423</b>
<b>Total</b>			<b>16,839,789,572</b>		<b>10,538,314,802</b>
Accounting policies and notes forming part of the consolidated accounts	17				

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES  
Chartered Accountants

**Nirmal Jain**  
PARTNER  
Membership No. 34709

Mumbai; Dated : 10 August 2010

On behalf of the Board of directors

**Ashish R. Goenka**  
**Rajesh R. Kedia**  
**Srikant Mohan**

Mumbai; Dated : 10 August 2010

Managing Director  
Wholtime Director  
Company Secretary

# Consolidated Profit and Loss Account

For The Year Ended 31 March 2010

	Schedule	Current Year 2009-2010		Previous Year 2008-2009	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Sales and income from operations	8	12,212,391,124		8,274,132,618	
Income/(loss) from investments and financial instruments	9	608,560,968		(627,702,849)	
Other income	10	34,472,245		79,336,749	
Interest Income / (Expense)-Net	11	37,481,742		(105,619,607)	
Increase / (Decrease) in stocks	12	(585,854,548)		765,610,213	
		<u>12,307,051,531</u>		<u>8,385,757,124</u>	
<b>EXPENDITURE</b>					
Cost of materials and goods	13	10,757,600,362		7,970,434,539	
Employees' remuneration and benefits	14	102,254,938		142,082,478	
Manufacturing and other expenses	15	283,756,585		532,020,962	
Selling and distribution expenses	16	104,923,702		109,378,551	
Depreciation / Amortisation		40,075,411		43,951,472	
		<u>11,288,610,998</u>		<u>8,797,868,002</u>	
<b>PROFIT/(LOSS)</b>					
<b>Profit/(loss) before exceptional items</b>		<b>1,018,440,533</b>		<b>(412,110,878)</b>	
Exceptional items:					
- Investments in associates written-off		—	(40,630,079)		
- Share application money written-off		—	(37,290,000)		
(Refer note 6 of Schedule '17')			—		(77,920,079)
<b>Profit/(loss) after exceptional items and before taxation</b>		<b>1,018,440,533</b>		<b>(490,030,957)</b>	
Provision for income tax					
- Current year		(140,350,000)		(289,136)	
- Mat Credit Entitlement		24,396,570		—	
- Deferred tax benefit/(expense)		(76,648,105)		49,526,043	
- Fringe benefit tax		—		(2,640,000)	
Provision for wealth tax		(100,000)		(130,000)	
		<u>(192,701,535)</u>		<u>46,466,907</u>	
Share of loss of associates for the year		(2,265,802)		(135,855)	
<b>Profit/(loss) after taxation before minority interest</b>		<b>823,473,196</b>		<b>(443,699,905)</b>	
Minority interest (profit)/loss for the year		8,630,708		(21,343,875)	
<b>Profit/(loss) for the year/period</b>		<b>832,103,904</b>		<b>(465,043,780)</b>	
Prior year tax adjustments (net)		(5,169,630)		68,964	
Balance brought forward from previous year		1,875,619,497	2,335,063,908		
Add: Adjustments on change in holding		—	5,530,405		
		<u>1,875,619,497</u>	<u>2,340,594,313</u>		
<b>Balance carried to balance sheet</b>		<b>2,702,553,771</b>	<b>1,875,619,497</b>		
Basic and diluted earnings/(loss) per share		40.08		(22.40)	
Nominal value of equity share		10		10	
Accounting policies and notes forming part of the consolidated accounts		17			

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES  
Chartered AccountantsNirmal Jain  
PARTNER  
Membership No. 34709

Mumbai; Dated : 10 August 2010

On behalf of the Board of directors

Ashish R. Goenka  
Rajesh R. Kedia  
Srikant Mohan

Mumbai; Dated : 10 August 2010

Managing Director  
Wholetime Director  
Company Secretary



# Consolidated Cash Flow Statement

For The Year Ended 31 March 2010

	Rs.	Current Year 2009-2010 Rs.	Rs.	Previous Year 2008-2009 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit/(loss) before tax and exceptional items		1,018,440,533		(412,110,878)
<b>ADJUSTMENTS FOR</b>				
Depreciation / Amortisation	40,075,411		43,951,472	
Profit on sale of fixed assets (net)	—		(31,015,625)	
Loss on sale / write off of fixed assets	282,218		2,519,481	
Interest / Dividend income-Net	(77,499,773)		56,049,231	
Change in translation reserve	1,029,515		(32,966,094)	
		(36,112,629)		38,538,465
<b>Operating profit before working capital changes</b>		<b>982,327,904</b>		<b>(373,572,413)</b>
<b>ADJUSTMENTS FOR</b>				
Trade and other receivables	179,983,495		1,839,370,339	
Inventories	41,423,060		(368,386,847)	
Trade payables and other trade liabilities	(111,879,275)		(382,329,397)	
		<b>109,527,280</b>		<b>1,088,654,095</b>
<b>Cash generated from / (used in) operations</b>		<b>1,091,855,184</b>		<b>715,081,682</b>
Less: Direct taxes paid		(81,601,684)		(72,395,867)
		<b>1,010,253,500</b>		<b>642,685,815</b>
Share of minority in profit for the year		8,630,708		(21,343,875)
<b>Net cash from / (used in) operating activities</b>		<b>1,018,884,208</b>		<b>621,341,940</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Payments for purchase of fixed assets/capital expenditure		(9,637,455)		(51,086,232)
Proceeds from sale of fixed assets		970,690		45,853,114
Changes in investments (net)		(192,202,711)		957,541,501
Loans (granted) / received (net)		(7,046,147)		333,611,846
Interest and dividend received		116,151,184		168,561,578
Other changes in non-current assets		—		—
<b>Net cash from / (used) in investing activities</b>		<b>(91,764,439)</b>		<b>1,454,481,807</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings (net of repayments)		5,722,465,258		(4,007,946,578)
Fixed deposits placed (net)		(4,367,973,258)		2,383,000,810
Interest received / (paid) (net)		23,274,429		(351,712,067)
Dividend on Equity share capital		91,453		(45,432,562)
<b>Net cash (used in) / from in financing activities</b>		<b>1,377,857,882</b>		<b>(2,022,090,397)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>		<b>2,304,977,651</b>		<b>53,733,350</b>
<b>Cash and cash equivalents - opening balance</b>		<b>36,423,999</b>		<b>(17,309,351)</b>
<b>Cash and cash equivalents - closing balance</b>		<b>2,341,401,650</b>		<b>36,423,999</b>
<b>Net (decrease) / increase as disclosed above</b>		<b>2,304,977,651</b>		<b>53,733,350</b>
<b>Cash and cash equivalents not available for use by the Group:</b>		<b>480,614</b>		<b>389,161</b>
<b>Cash and cash equivalents as at year end comprise of:</b>				
Cash and cash equivalents		11,441,756,645		4,735,344,093
Less: Credit balances in current accounts with banks		(54,071,677)		(20,610,034)
Less: Fixed deposits with original maturities beyond three months		(9,046,283,318)		(4,678,310,060)
		<b>2,341,401,650</b>		<b>36,423,999</b>

Accounting policies and notes forming part of the consolidated accounts are given in Schedule '17'.

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES  
Chartered Accountants

**Nirmal Jain**  
PARTNER  
Membership No. 34709

Mumbai; Dated : 10 August 2010

On behalf of the Board of directors

**Ashish R. Goenka**  
**Rajesh R. Kedia**  
**Srikant Mohan**

Mumbai; Dated : 10 August 2010

Managing Director  
Wholtime Director  
Company Secretary

**SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS**

	<b>As at 31/03/2010 Rs.</b>	<b>As at 31/03/2009 Rs.</b>
<b>SCHEDULE '1'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
25,000,000 (25,000,000) Equity shares of Rs.10 each	<b>250,000,000</b>	250,000,000
2,000,000 (2,000,000) Redeemable cumulative non convertible preference shares of Rs.100 each	<b>200,000,000</b>	200,000,000
	<b><u>450,000,000</u></b>	<b><u>450,000,000</u></b>
<b>Issued, Subscribed and Paid-up:</b>		
20,763,300 (20,763,300) Equity shares of Rs.10 each fully paid up (Of the above shares, 13,849,000 (13,849,000) Equity Shares are allotted as fully paid up bonus shares by capitalisation of General Reserve)	<b>207,633,000</b>	207,633,000
Add: Forfeited shares (amount originally paid-up)	<b>487,500</b>	487,500
	<b><u>208,120,500</u></b>	<b><u>208,120,500</u></b>
<b>SCHEDULE '2'</b>		
<b>RESERVES AND SURPLUS</b>		
Securities premium account	<b>1,065,078,101</b>	1,065,078,101
General reserve	<b>2,019,850,404</b>	2,019,850,404
Credit risk reserve	<b>145,367,664</b>	145,367,664
Capital reserve arising on consolidation	<b>8,603,232</b>	8,603,232
Translation reserve	<b>42,433,800</b>	46,314,552
Surplus as per profit and loss account	<b>2,702,553,771</b>	1,875,619,497
	<b><u>5,983,886,972</u></b>	<b><u>5,160,833,450</u></b>
<b>SCHEDULE '3'</b>		
<b>SECURED LOANS</b>		
<b>Loans from banks:</b>		
Working capital facilities	<b>10,880,171,569</b>	5,157,706,311
Interest accrued and due on the above	<b>—</b>	11,258,959
	<b><u>10,880,171,569</u></b>	<b><u>5,168,965,270</u></b>

(The foreign currency loans of Rs.9,446,755,904 (as at 31/03/2009 Rs.3,651,293,524) included in working capital facilities are secured against the fixed deposits of Rs.10,348,600,660 (as at 31/03/2009 Rs.4,211,200,000). All other working capital facilities are secured by equitable mortgage by deposit of title deeds of factory premises of the Company in Mumbai and office premises of four companies in which directors have significant influence, hypothecation of stock-in-trade, book debts, movables and other assets both present and future.)

**SCHEDULE '4'  
FIXED ASSETS**

Sr. No.	Description of Assets	GROSS BLOCK (AT COST OR REVALUED)				DEPRECIATION / AMORTISATION				NET BLOCK			
		As at 01/04/2009	Adjustment on translation	Additions	Deductions / written off	As at 31/03/2010	Upto 31/03/2009	Adjustment on translation	For the year	Deductions / written off	Upto 31/03/2010	As at 31/03/2010	As at 31/03/2009
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Leasehold land	845,000	—	—	—	845,000	63,375	—	42,250	—	105,625	739,375	781,625
2	Leasehold premises	75,922,000	—	—	—	75,922,000	799,179	—	799,179	—	1,598,358	74,323,642	75,122,821
3	Buildings	331,722,126	(6,427,047)	—	—	325,295,079	114,919,582	(433,342)	9,301,391	—	123,787,631	201,507,448	216,802,544
4	Plant and machinery	431,115,849	1,306,209	7,230,696	(2,701,103)	436,951,651	249,875,994	128,982	21,166,801	(1,730,667)	269,441,110	167,510,541	181,239,855
5	Furniture and fixtures	74,121,092	(1,107,342)	214,360	—	73,228,110	47,084,319	(956,136)	5,468,328	—	51,596,511	21,631,599	27,036,773
6	Vehicles	30,188,269	90,909	472,295	(1,169,139)	29,582,334	16,308,619	26,966	2,929,411	(886,667)	18,378,329	11,204,005	13,879,650
7	Cost of improvement of leasehold premises	4,195,243	(96,917)	—	—	4,098,326	961,309	(90,391)	368,051	—	1,238,969	2,859,357	3,233,934
	<b>Total</b>	<b>948,109,579</b>	<b>(6,234,188)</b>	<b>7,917,351</b>	<b>(3,870,242)</b>	<b>945,922,500</b>	<b>430,012,377</b>	<b>(1,323,921)</b>	<b>40,075,411</b>	<b>(2,617,334)</b>	<b>466,146,533</b>	<b>479,775,967</b>	<b>518,097,202</b>
	Previous Year	837,148,522	13,788,924	127,987,309	(30,815,176)	948,109,579	400,127,269	2,347,842	43,951,472	(16,414,206)	430,012,377	518,097,202	

**Notes:**

1. Gross Block of Vehicles includes Rs.1,807,422 (as at 31/03/2009 Rs.1,807,422) registered in the name of the employees.
2. Gross Block of Plant and Machinery includes Rs.4,605,000 (as at 31/03/2009 Rs.4,605,000) being Company's share in cost of assets whose ownership is not with the Company.

**Suashish Diamonds Limited**

	Rs.	As at 31/03/2010 Rs.	Rs.	As at 31/03/2009 Rs.
<b>SCHEDULE '5'</b>				
<b>INVESTMENTS</b>				
<b>Long term:</b>				
<b>A. In Subsidiary</b>				
10 Common Stock, no par value, of Suashishstar Inc, a wholly owned subsidiary company		<b>4,523,250</b>		4,523,250
30 Preferred Stock, no par value, of Suashishstar Inc, a wholly owned subsidiary .company		<b>13,569,750</b>		13,569,750
<b>B. In Associates</b>				
13,200 Equity shares of Rs.10 each fully paid up of Taruvarsh Leasing Co. Pvt. Ltd.,	<b>660,000</b>		660,000	
- Cost of investment (including Capital Reserve of Rs.26,226,825 arising on acquisition)				
- Add: Share of profit upto previous year	<b>19,851,904</b>		19,987,759	
- Add: Share of profit/(loss) for the year	<b>(2,265,802)</b>		(135,855)	
		<b>18,246,102</b>		20,511,904
3,850,000 Equity shares of Rs. 10 each fully . paid up of Suashish Finance Ltd (Fully provided / written off)		—		—
35,000 Equity shares of Rs.10 each fully paid up of Suashish Realty Pvt. Ltd.,	<b>350,000</b>		350,000	
- Add: Share of profit upto previous year (restricted to the extent of investment)	<b>(350,000)</b>		(350,000)	
		—		—
<b>C. Other Investments</b>				
In Equity shares		<b>1,361,916,432</b>		292,575,248
In Preference shares		<b>5,817,000</b>		12,441,900
In Mutual funds		<b>80,112,825</b>		1,084,563,178
In Debentures		<b>66,203,900</b>		15,839,200
19,558 (10,558) 0% Bond of National Bank for Agriculture and Rural Development (NABARD) of Rs.20,000 each (maturity date - 01/02/2019)		<b>174,776,096</b>		91,204,016
995.0 Standard Gold Bar (2,030 gms)		<b>2,491,115</b>		2,491,115
		<b>1,727,656,470</b>		1,537,719,561
<b>SCHEDULE '6'</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
Raw materials	<b>615,147,346</b>		70,313,697	
Work in progress	<b>54,677,132</b>		13,309,655	
Finished goods / Traded Goods	<b>1,243,381,029</b>		1,870,603,054	
Stores, spares and tools	<b>3,309,822</b>		3,711,983	
		<b>1,916,515,329</b>		1,957,938,389
<b>Sundry debtors</b>				
(unsecured, considered good unless otherwise stated)				
Considered good	<b>927,874,764</b>		1,206,469,853	
Considered doubtful	<b>7,811,373</b>		5,660,729	
	<b>935,686,137</b>		1,212,130,582	
Less: Provision for doubtful debts	<b>7,811,373</b>		5,660,729	
		<b>927,874,764</b>		1,206,469,853

## Suashish Diamonds Limited

	Rs.	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
<b>Cash and bank balances</b>			
Cash in hand	2,196,944		1,427,477
Bank balances:			
In current accounts	523,679,616		55,316,415
In fixed and margin deposit accounts (under lien with banks Rs.1,0592,339,084, as at 31/3/2009 Rs.4,678,310,060)	<u>10,915,880,085</u>		<u>4,678,600,201</u>
		<b>11,441,756,645</b>	<b>4,735,344,093</b>
<b>Other current assets</b>			
Interest accrued but not due on fixed deposits		<u>200,821,564</u>	<u>255,134,096</u>
<b>Total 'A'</b>		<b><u>14,486,968,302</u></b>	<b><u>8,154,886,431</u></b>
<b>LOANS AND ADVANCES</b>			
(Unsecured, considered good)			
Loans to staff		1,323,463	1,579,158
Loans to others		8,878,720	25,333,448
Loan to Associates / Subsidiaries		8,852,000	9,492,000
Advances recoverable in cash or in kind or for value to be received		385,921,906	288,595,226
Deposits		34,479,362	33,613,639
Mat credit entitlement		24,396,570	—
Taxes paid		363,335,653	514,203,025
Fringe benefit tax paid		8,433,389	7,302,388
<b>Total 'B'</b>		<u>835,621,063</u>	<u>880,118,884</u>
<b>Total (A+B)</b>		<b><u>15,322,589,365</u></b>	<b><u>9,035,005,315</u></b>
<b>SCHEDULE '7'</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>CURRENT LIABILITIES</b>			
Sundry creditors		473,707,432	317,826,022
Advances received from customers		—	4,000,000
Credit balances in current accounts with banks		54,071,677	20,610,034
Interest accrued but not due on loans		51,241,961	32,527,880
Deposits		12,600,720	17,029,930
Unclaimed dividend		480,614	389,161
Other liabilities		7,141,008	1,697,042
<b>Total 'A'</b>		<u>599,243,412</u>	<u>394,080,069</u>
<b>PROVISIONS</b>			
Provision for gratuity		2,912,427	2,677,327
Provision for leave encashment		1,104,543	1,010,999
Provision for income-tax		275,350,000	385,500,000
Provision for wealth tax		360,000	586,000
Provision for fringe benefit tax		8,440,000	8,440,000
Excess of provision for loss on currency/ commodity future contracts over MTM		—	2,433,497
<b>Total 'B'</b>		<u>288,166,970</u>	<u>400,647,823</u>
<b>Total (A+B)</b>		<b><u>887,410,382</u></b>	<b><u>794,727,892</u></b>

**Suashish Diamonds Limited**

	Current Year 2009-2010	Previous Year 2008-2009
Rs.	Rs.	Rs.
<b>SCHEDULE '8'</b>		
<b>SALES AND INCOME FROM OPERATIONS</b>		
Sales	11,935,440,028	8,600,223,744
Job work sales	14,973,389	72,887,762
Exchange rate difference gain / (loss) - (net)	261,977,707	(398,978,888)
	<u>12,212,391,124</u>	<u>8,274,132,618</u>
<b>SCHEDULE '9'</b>		
<b>INCOME/(LOSS) FROM INVESTMENTS AND FINANCIAL INSTRUMENTS</b>		
Income/(loss) from long term investments (Other than trade)	569,271,027	(649,228,813)
Profit/(loss) from dealing in derivative instruments	(1,445,322)	2,488,623
Profit/(loss) on sale of shares	1,133,902	(23,602,540)
Interest income on investments in debentures	3,362,913	2,235,296
Dividend income on long term investments (Other than trade)	36,238,448	40,404,585
	<u>608,560,968</u>	<u>(627,702,849)</u>
<b>SCHEDULE '10'</b>		
<b>OTHER INCOME</b>		
Interest on other fixed/security deposits	155,665	127,008
Interest on income tax refund	261,005	6,803,487
Balance written-back (net)	4,513,342	6,670,405
Rent	19,238,274	18,741,252
Profit on sale of fixed assets (net)	—	31,015,625
Discount received	—	12,039,846
Miscellaneous income	10,303,959	3,939,126
	<u>34,472,245</u>	<u>79,336,749</u>
<b>SCHEDULE '11'</b>		
<b>INTEREST INCOME / (EXPENSE) - NET</b>		
Interest on fixed deposits	76,394,158	125,794,689
Less: Interest expenditure (Other than on fixed loans)	38,912,416	231,414,296
	<u>37,481,742</u>	<u>(105,619,607)</u>
<b>SCHEDULE '12'</b>		
<b>INCREASE / (DECREASE) IN STOCKS</b>		
Closing stock of finished goods / traded goods	1,243,381,029	1,870,603,054
Work-in-Progress	54,677,132	13,309,655
	1,298,058,161	1,883,912,709
Less:		
Opening stock of finished goods / traded goods	1,870,603,054	1,118,302,496
Work-in-Progress	13,309,655	—
	<u>1,883,912,709</u>	1,118,302,496
	<u>(585,854,548)</u>	<u>765,610,213</u>
<b>SCHEDULE '13'</b>		
<b>COST OF MATERIALS AND GOODS</b>		
a) Raw materials consumed:		
Opening stock	70,313,697	467,307,403
Add: Purchases [including commission on imports and cleaving charges]	7,289,986,656	4,190,701,949
	<u>7,360,300,353</u>	4,658,009,352
Less: Closing stock	615,147,346	70,313,697
	<u>6,745,153,007</u>	4,587,695,655
b) Purchase of finished goods / traded goods:		

## Suashish Diamonds Limited

	Rs.	Current Year 2009-2010 Rs.	Rs.	Previous Year 2008-2009 Rs.
Polished diamonds	3,957,161,777		3,253,647,720	
Jewellery	208,060,892		205,587,078	
Commodities	—		43,394,116	
		<b>4,165,222,669</b>		3,502,628,914
c) Net income on Buyer's Credit (net) (Refer Note 9 of Schedule 17)		<b>(152,775,314)</b>		(119,890,030)
		<b>10,757,600,362</b>		<b>7,970,434,539</b>
<b>SCHEDULE '14'</b>				
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>				
Salaries, bonus, commission and allowances		94,206,956		131,487,638
Contribution to provident and other funds		2,774,509		4,689,598
Gratuity		264,263		177,919
Staff welfare expenses		5,009,210		5,727,323
		<b>102,254,938</b>		<b>142,082,478</b>
<b>SCHEDULE '15'</b>				
<b>MANUFACTURING AND OTHER EXPENSES</b>				
Processing charges		125,617,556		329,359,334
Stores, spares and tools consumption		21,357,337		25,437,158
Excise duty expenses		—		1,324,238
Power and electricity		11,436,789		17,463,894
Communication expenses		3,729,015		5,633,465
Printing and stationery		1,623,642		2,457,324
Travelling and conveyance expenses		20,367,771		26,450,716
Legal and professional charges (net)		(4,300,014)		20,028,017
Bad debts		3,987,892		371,173
Rent, rates and taxes		17,724,141		15,274,353
Repairs and maintenance:				
To plant and machinery	705,037		1,957,911	
To buildings	1,556,484		4,485,463	
To others	10,216,353		7,752,009	
		<b>12,477,874</b>		14,195,383
Insurance charges		7,861,223		15,186,726
Auditors' remuneration		2,791,492		3,699,105
Donations		12,183,157		286,000
Bank charges		21,565,114		26,769,368
Loss on sale / write off of fixed assets		282,218		2,519,481
Miscellaneous expenses		25,051,378		25,565,227
		<b>283,756,585</b>		<b>532,020,962</b>
<b>SCHEDULE '16'</b>				
<b>SELLING AND DISTRIBUTION EXPENSES</b>				
Commission and brokerage on sales		4,546,921		29,254,002
Advertisement expenses		22,508,151		21,442,042
Courier charges		579,926		2,300,899
Packing expenses		886		1,190,333
Export insurance charges		3,214,625		1,216,253
ECGC premium		2,559,330		14,282,423
Freight, clearing and forwarding charges		12,057,514		6,672,843
Discount allowed		35,644,398		10,543,007
Sales promotion expenses		23,811,951		22,476,749
		<b>104,923,702</b>		<b>109,378,551</b>

## SCHEDULE '17'

## ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

## 1. Significant accounting policies:

## a) Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared and presented under the historical cost convention, except as disclosed in the financial statements, on the accrual basis of accounting in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standard (AS)-21 'Consolidated Financial Statements' and Accounting Standard (AS)-23 'Accounting for Investments in Associates in Consolidated Financial Statements' to the extent applicable. The consolidated financial statements are presented in Indian rupees.

## b) Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future years.

## c) Principles of consolidation

1) The consolidated financial statements include the financial statements of Suashish Diamonds Limited, the parent company (hereinafter referred to as 'the Company') and its subsidiaries (collectively referred to as the 'Group').

The consolidated financial statements have been prepared on the following basis:

i. The financial statements of the parent company and the subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.

Transactions relating to Profit and Loss Account of the acquired subsidiaries have been included in the Consolidated Profit and Loss Account from the effective date of acquisition on proportionate basis assuming that profits / loss have accrued evenly through out the year wherever financial statements are not drawn till the date of acquisition.

ii. The excess of the cost of acquisition of investments in the subsidiaries over the acquired portion of equity in the subsidiaries is recognized in the financial statements as 'goodwill'. The excess of acquired portion of equity in subsidiaries over the cost of acquisition of investments in the subsidiaries is recognized in the financial statements as 'capital reserve'.

iii. Minority interest in the net assets of consolidated subsidiaries consists of:

(a) the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and

(b) the minorities' share of movements in equity since the date the parent and subsidiary relationship came into existence.

iv. Investments in associates are accounted under equity method. Under the equity method, the investment is initially recorded at cost, identifying goodwill/capital reserve arising at the time of acquisition and the carrying amount is increased/ decreased to recognize Group's share of profits/losses of the associates after the date of acquisition. Goodwill/Capital reserve arising on acquisition of the associates is included in the carrying amount of the respective investments. Unrealized profits resulting from transactions between the Group and the associates are eliminated to the extent of Group's interest in the associates. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.

v. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

vi. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.



## Suashish Diamonds Limited

2) The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of incorporation	Extent of holding (%)*	Reporting currency	Effective date of becoming subsidiary
Suashish Diamonds (Hong-Kong) Limited	Hong Kong	100.00 (100.00)	US Dollars	23/06/1994
Suashish Diamonds Shanghai Limited	China	100.00 (100.00)	RMB (Renminbi)	05/03/2004
Suashishstar Inc.#	USA	100.00 (100.00)	US Dollars	10/03/2004
Suashish Jewels Inc.^	USA	47.62 (47.62)	US Dollars	12/04/2005
Suashish Diamonds (Botswana) (Proprietary) Ltd.	Botswana	100.00 (100.00)	Pula	29/08/2005
Suashish Jewelry India Limited	India	100.00 (100.00)	Indian Rupees	08/03/2007
Goenka Trading Company	India	90.00 (90.00)	Indian Rupees	01/09/2007
Mohinidevi Goenka Investments	India	99.00 (99.00)	Indian Rupees	01/12/2007

\* Figures in brackets are of the previous year.

# Although, as per the Shareholders' Agreement, joint control established over Suashishstar Inc., the same has been accounted as subsidiary company in accordance with paragraph 6 of the Accounting Standard (AS)-27 'Financial Reporting of Interests in Joint Ventures'. As the financial statements of Suashishstar Inc. are not received since the year/period ended 31 December 2005, the same have not been considered in the consolidated financial statements. The records of Suashishstar Inc. are in possession of liquidator of joint venture partner.

^ Subsidiary by virtue of control and the composition of the board of director.

3) The Associates of the Group and the ownership interest of the Group are as follows:

Name of the Associates	Country of incorporation	Extent of interest (%)*	Reporting currency	Effective date of becoming associate
Suashish Finance Limited	India	49.68 (49.68)	Indian Rupees	27/04/1994
Taruvarsh Leasing Company Private Limited	India	48.74 (48.74)	Indian Rupees	06/01/2004
Suashish Realty Private Limited	India	35.00 (35.00)	Indian Rupees	09/03/2007

\* Figures in brackets are of the previous year.

### d) Fixed assets

Fixed assets are stated at cost of acquisition (inclusive of freight, duties, taxes and incidental expenses) less accumulated depreciation. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial year of time to get ready for their intended use are capitalized.

### e) Depreciation / amortisation

Depreciation on assets is provided on 'Written-down Value Method' (except in the case of subsidiaries, Suashish Diamonds (Hong Kong) Limited and Suashish Jewels Inc.), at the rates based on the estimated useful life of the respective assets, as determined by the management or on the basis of minimum depreciation rates as prescribed under the respective domestic laws of the country of incorporation. Depreciation in respect of Suashish Diamonds (Hong Kong) Limited and Suashish Jewels Inc. is provided on straight-line method at rates based on the estimated useful life of respective assets.

Depreciation on assets in partnership firms (subsidiary enterprises) and Suashish Diamonds (Botswana) (Proprietary) Ltd. is provided as allowable under tax laws.

Depreciation on Windmill is provided on straight-line method and on cost of improvement of leasehold premises are provided on written down value method @ 10%.

Leasehold land and leasehold premises is amortized over the lease period.

**f) Inventories**

- i. Raw materials - Rough diamonds are valued at the lower of cost and net realizable value. The cost is determined on weighted average basis by adding purchase price, commission on purchase and cleaving charges and by reducing the sale value of rough rejection sold.
- ii. Raw materials - jewellery (gold, precious stones and others) are valued at the lower of cost and net realizable value. The cost is determined by First-In First-Out (FIFO)/ Specific identification basis.
- iii. Finished goods - Polished diamonds are valued at the lower of estimated cost as certified by directors and net realizable value.
- iv. Finished goods - Jewellery is valued at the lower of cost (consisting of material cost and cost of conversion) and net realizable value. The cost is determined on FIFO/Specific identification basis.
- v. Traded goods and stores and spares are valued at the lower of cost or net realizable value. Cost is determined on FIFO basis.
- vi. Work-in-progress is valued at material cost.

**g) Revenue recognition**

- i. Revenue from export sales is recognized when delivery of goods is physically given to Customs authorities. Revenue from domestic sales is recognized when goods are delivered to the customers and the title of goods passes to the customers.
- ii. Income from sale of wind energy is recognized as per terms of agreement with parties.

**h) Foreign currency transactions and translation of financial statements of foreign subsidiaries**

- i. Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognized in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.
- ii. The premium or discount arising at the inception of forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the year.
- iii. Any profit or loss arising on settlement or cancellation of other derivative contracts (swaps and currency options) is recognized as income or expense for the year.
- iv. The translation of functional currency of overseas subsidiaries into Indian Rupees is performed for assets and liabilities (excluding share capital, opening reserves and surplus and capital reserve) using the exchange rate as at the balance sheet date and for revenues, costs and expenses (except depreciation and opening and closing inventories) using average of exchange rates during the reporting year. Share capital, opening reserves and surplus and capital reserves are carried at historical cost. Depreciation is translated at the rates used for the translation of the values of the assets on which depreciation is calculated. Opening and closing inventories are translated at the rates prevalent at the commencement of the accounting year and at the balance sheet date respectively. Resultant currency translation exchange gain / loss is disclosed as "Translation Reserve" in reserves and surplus. Contingent liabilities are translated at the closing rate.

**i) Financial / derivative instruments**

Profit / loss in respect of the contracts for equity/commodities/currency futures/options are accounted in the profit and loss account on the expiry of the respective contract or on the same being squared-off.

In case of unsettled contracts as at the balance sheet date, mark-to-market position is recognized in case of losses and ignored in case of profits, considering conservative principle.

**j) Investments**

Investments in associates are accounted under the equity method in the consolidated financial statements. The carrying amount is reduced to recognize diminution in value, wherever the decline is other than a temporary decline.

Investments are classified into long term and current investments. Investments, which are intended to be held for more than one year, are classified as long-term investments and other investments are classified as current investments.

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Long-term investments are valued at cost less diminution in value wherever the decline is other than a temporary decline. Current investments are carried at lower of cost or market value, on scrip wise basis.

**k) Retirement benefits**

Liabilities towards employee retirement benefits such as gratuity, leave encasement, provident funds, superannuation, etc. are provided in compliance with the requirements of domestic laws of the respective countries.

**l) Borrowing cost**

Borrowing cost directly attributable to acquisition or construction of fixed assets, which necessarily take substantial year of time to get ready for their intended use, are capitalized. Other borrowing costs are charged to profit and loss account.

**m) Taxation**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the requirements of domestic laws of the respective countries. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably/virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**n) Earnings per share**

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year available for the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year available for equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**o) Impairment**

At each balance sheet date, the Group determines whether a provision should be made for impairment loss on fixed assets (including intangible assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) - 28 'Impairment of Assets'. Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made. At the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount subject to a minimum of depreciated historical cost.

**p) Accounting for provisions and contingent liabilities**

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote no provision or disclosure is made.

**q) Credit risk reserve**

The Group is primarily engaged in the business of diamonds and jewellery in which it is required to extend prolonged years of credit to its customers. As such, the debtors constitute a significant part of the assets and are unsecured. Credit Risk Reserve is created by the Group to meet exceptional losses on this account as a matter of prudence. Based on the activity level, extent of receivables, the credit risk perception and other relevant factors, further transfers to this reserve are considered.

## 2. Description of the Group:

The Group is a leading exporter of cut and polished diamonds and jewellery. The Group's principal operations are located in India and it has operations in Hong Kong, U.S.A., China and Botswana. Suashish Diamonds Limited, the parent Company, is listed on The Bombay Stock Exchange.

**3. Commitments and contingent liabilities not provided for:**

<b>Particulars</b>	<b>As on 31/03/2010 (Rs.)</b>	<b>As on 31/03/2009 (Rs.)</b>
a) Commitment with HDFC Asset Management Company Limited (PFMS)	<b>63,000,000</b>	126,000,000
b) Disputed tax liability:		
Sales tax	<b>2,516,895</b>	2,516,895
Income tax	<b>162,524</b>	350,532
c) Bank guarantees given by banks	<b>473,858</b>	473,858

**4. Valuation of inventories:**

In respect of the Company, cost of the stock of raw materials (rough diamonds) is determined by considering the lot-wise (lot is based on value range) weighted average cost. The raw material consumption is accounted at the time of receipt of the finished goods and by reducing the sale proceeds of rough diamonds without considering profit / loss arising thereon. The method followed for computing cost is not strictly in compliance with the requirements of Accounting Standard (AS)-2 'Valuation of Inventories', as the same is not considered to be feasible by the management.

In respect of the Company, cost of the stock of finished goods (polished diamonds) is based on technical estimate by the management. In view of the nature of variation in the value of individual diamonds, the differentials in their costs, it is not practical to compute the cost of polished diamonds using either FIFO or weighted average cost. In view of the multiple grades, it is not practical to use specific cost. The basis of computing cost used, to avoid distortion in valuation, is to that extent a deviation from that prescribed by Accounting Standard (AS)-2 'Valuation of Inventories'.

Work in progress (jewellery) is valued at material cost without allocating the production overheads. In view of the different design, weight and purity of Jewellery items manufactured by subsidiary, it is not considered feasible / practical by the management to compute cost of work-in-progress inclusive of overheads cost. This method of valuation is not in conformity with the requirements of the Accounting Standard (AS)-2 on 'Valuation of Inventories' which requires the inventories to be valued at lower of cost or net realizable value and cost for this purpose should be determined after allocating the production overheads.

The impact on the profit for the year, and inventories and reserves and inventories as at 31 March 2010, if any, due to the above deviations is not ascertainable.

5. M/s. Goenka Trading Company a subsidiary entity had revalued its fixed assets (factory premises) and capital advances (against office premises under construction) as on 30 September 2007 on the basis of Valuer Report. The increase in book value of fixed assets Rs.61,652,500 and capital advances Rs.88,718,354 has been credited to 'Partner's Current Capital Account' in their profit/(loss) sharing ratio as at 31 August 2007 instead of 'Revaluation Reserve Account', which is not in accordance with Accounting Standard (AS)-10 "Accounting for Fixed Assets".

Due to above reserves and surplus as at 31 March 2010 and as at 31 March 2009 are lower by Rs.150,370,854, without considering the impact of depreciation.

**6. Accounting of investments in associates:**

The Group has accounted investments in associates, namely, Suashish Finance Limited, Taruvarsh Leasing Company Private Limited and Suashish Realty Private Limited, under the equity method in the consolidated financial statements, in accordance with Accounting Standard (AS)-23 'Accounting for Investments in Associates in Consolidated Financial Statements'.

- i. The net worth of Suashish Finance Ltd., an associate, after considering the qualification in its latest audited financial statements is fully eroded.

In the opinion of directors and as a matter of prudence company had written off carrying value of investment of Rs.40,630,079 and share application money of Rs.37,290,000 during the previous year ended 31 March 2009, which has been disclosed as exceptional item in the profit and loss account. Accordingly, share of loss in the associate for the year is not accounted.

- ii. The audited financial statements of the Taruvarsh Leasing Company Private Limited, an associate, for the year ended 31 March 2010 are subject to qualification in the auditor's report, in respect of the following:

- a) The net worth of Suashish Finance Limited after considering the qualification in the auditors' report has been fully eroded as per the financial statements for the year ended 31 March 2010. No provision is considered necessary by the management in respect of diminution in value of investment of Rs.12,033,010 as the same is long-term strategic investment.

- b) No provision has been considered necessary by the management in respect of loans and advances given to a body corporate Rs.17,782,738 whose net worth has been fully eroded, as the management is confident of recovering the amount in full.

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### 7. Insurance claim:

In an earlier year, there was a robbery at one of the Company's sub-contractor's premises for which the Company had lodged an insurance claim of Rs.4,500,000 and filed legal suit against the insurance company. Pending the settlement of the claim by the insurance company, the value of aforesaid diamonds continues to be included in the stock and the loss in this respect, if any, would be accounted in the year in which the claim is finally settled.

### 8. Differences in accounting policy for depreciation:

Depreciation on fixed assets relating to the subsidiary companies, Suashish Diamonds (Hong Kong) Limited and Suashish Jewels Inc. has been provided on straight-line method as against written down value method followed by the Company. Depreciation for the year includes Rs.2,958,395 (previous year Rs.3,196,157) calculated on such basis. The impact of the difference in the accounting policy has not been calculated, as the depreciation amount itself is not significant. The net block included in the consolidated financial statements in this respect as at 31 March 2010 is Rs.46,378,802 (as at 31 March 2009 Rs. 55,581,839).

Depreciation has been charged on fixed assets by subsidiary entities M/s. Goenka Trading Company, M/s. Mohinidevi Goenka Investments and Suashish Diamonds (Botswana) (Proprietary) Ltd. as allowable under tax laws. Depreciation for the year includes Rs. 4,552,349 (previous year Rs.5,095,395) calculated on such basis. The impact of the difference in the accounting policy has not been ascertained. The net block included in the consolidated financial statements in this respect as at 31 March 2010 is Rs.108,964,467 (as at 31 March 2009 Rs. 108,449,545).

### 9. The Company has availed buyer's credit in foreign currency from banks secured by lien on fixed deposits, for import of goods. Net income on buyer's credit Rs. 152,775,314 (previous year Rs. 119,890,030) shown in Schedule-13, "Cost of Materials and Goods" comprises of interest income of Rs. 811,741,746 (previous year Rs. 513,585,048) on fixed deposits, finance cost Rs. 513,585,514 (previous year Rs.212,431,870) and Exchange rate difference loss Rs. 145,380,918 (previous year Rs. 181,263,148).

### 10. Deferred tax assets and liabilities:

i. Major components of recognized deferred tax liabilities of the Group arising on account of timing differences are as below:

Particulars	As at 31/03/2010		As at 31/03/2009	
	Deferred tax assets Rs.	Deferred tax liabilities Rs.	Deferred tax assets Rs.	Deferred tax liabilities Rs.
Depreciation	—	38,113,905	—	3,907,135
Provision for doubtful debts	2,655,086	—	—	—
Expenses allowable on payment basis for tax purpose	1,666,147	—	—	—
<b>Total</b>	<b>4,321,233</b>	<b>38,113,905</b>	—	3,907,135
<b>Net deferred tax liabilities</b>		<b>33,792,672</b>		3,907,135

ii. Major components of recognized deferred tax assets of the Group arising on account of timing differences are as below:

Particulars	As at 31/03/2010		As at 31/03/2009	
	Deferred tax assets Rs.	Deferred tax liabilities Rs.	Deferred tax assets Rs.	Deferred tax liabilities Rs.
Depreciation	—	—	—	34,900,764
Provision for doubtful debts	—	—	1,924,082	—
Short term capital losses	—	—	73,055,333	—
Unabsorbed depreciation	—	—	5,046,525	—
Expenses allowable on payment basis for tax purpose	—	—	1,637,392	—
<b>Total</b>	—	—	<b>81,663,332</b>	<b>34,900,764</b>
<b>Net deferred tax assets</b>		—		<b>46,762,568</b>

Certain subsidiaries have not recognized deferred tax assets as at year end in their respective separate financial statements, due to absence of reasonable / virtual certainty regarding reliability of deferred tax assets in future. Hence, these deferred tax assets have not been considered in the consolidated financial statements.

**11. Earnings per share:**

		<b>Current Year 2009-2010</b>	Previous Year 2008-2009
(i)	Net profit/(loss) after tax available for equity shareholders (Rs.)	<b>832,103,904</b>	(465,043,780)
(ii)	Weighted average number of equity shares outstanding during the year/year (Nos.)	<b>20,763,300</b>	20,763,300
(iii)	Basic and diluted earnings/(loss) per share (Rs.)	<b>40.08</b>	(22.40)
(iv)	Nominal value of share (Rs.)	<b>10.00</b>	10.00

**12. Segmental information:**

The Group has only one business segments viz. gems and jewellery, which is being considered as the primary segment. The financial information about business segment is not applicable since segment results / revenue / assets of the wind mill business are not more than 10 percent of the combined business results / revenue / assets.

Segmental information with respect to the secondary segment, i.e. 'geographical segments' is given below:

Sr. No.	Particulars	Outside India	Within India	Total
<b>1.</b>	<b>Segment Revenue</b>			
	Sales and income from operations	<b>10,203,816,116</b> (5,248,002,655)	<b>2,008,575,008</b> (3,026,129,963)	<b>12,212,391,124</b> (8,274,132,618)
<b>2.</b>	<b>Carrying amount of assets by geographical location of assets</b>			
	Segment assets	<b>1,530,893,280</b> (1,268,749,267)	<b>15,800,141,062</b> (9,496,025,446)	<b>17,331,034,342</b> (10,764,774,713)
<b>3.</b>	<b>Additions to fixed assets and intangible assets</b>			
		<b>3,732,898</b> (13,913,975)	<b>4,184,453</b> (114,073,334)	<b>7,917,351</b> (127,987,309)

**Notes:**

- i) Secondary segments identified are as per the requirements of Accounting Standard (AS)-17 'Segment Reporting', taking into account the organisation structure as well as the differing risks and returns.
- ii) The segment revenue and total assets includes the revenue and assets respectively, which are identifiable with each segment and amounts allocated to the segments on a reasonable basis.

**13. Related party disclosures:**

- i) Related party relationships:
  - a) Associates : Suashish Finance Ltd.  
Taruvarsh Leasing Company Pvt. Ltd.  
Suashish Realty Pvt. Ltd.
  - b) Key management personnel : Mr. Ashish R. Goenka  
Mr. Rajesh R. Kedia  
Mr. Pawan kumar Bagla (Upto 31/12/2008)  
Mr. Rajiv M. Somani  
Mr. Rahim Khan  
Mr. Nahshon Shagi
  - c) Relatives of key management personnel : Mrs. Lavina A. Goenka  
Mr. Ramesh kumar S. Goenka  
Master Ishan Ashish Goenka  
Miss Ananya Ashish Goenka  
Mrs. Amita Kedia  
Mr. Siddharth Kedia
  - f) Enterprises on which key management personnel or their relatives have significant influence : Ramesh Kumar Goenka (HUF)  
Fabulous Holding Pvt. Ltd.  
Goenka Holding Pvt. Ltd.  
Rapid Holding Pvt. Ltd.  
Radiant Holding Pvt. Ltd.  
Suashish Diamdeal (India) Ltd.  
Suashish Realtors Pvt. Ltd.  
Suashish Properties Pvt. Ltd.  
Goenka Laser House Pvt. Ltd.  
Mohinidevi Goenka Trust

**Notes:**

- a) The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.
- b) The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the current year/previous year.

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### ii) Transactions with related parties

Particulars	Related parties				Total
	Associates	Key Management Personnel	Relative of Key Management Personnel	Enterprises on which key management personnel or their relatives have significant influence	
Reimbursements made towards expenses	— (—)	— (—)	— (—)	1,390,710 (932,009)	1,390,710 (932,009)
Reimbursements received against expenses incurred	— (162,025)	— (—)	— (—)	— (—)	— (162,025)
Rent expenses incurred	— (—)	24,000 (24,000)	— (—)	164,748 (164,748)	188,748 (188,748)
Dividend paid	— (23)	— (1,125,000)	— (3,678,915)	— (28,258,125)	— (33,062,063)
Sale of polished diamonds	— (—)	— (—)	9,415,895 (283,159)	— (—)	9,415,895 (283,159)
Managerial remuneration	— (—)	15,749,845 (15,545,311)	— (—)	— (—)	15,749,845 (15,545,311)
Consultancy charges paid	— (—)	— (—)	971,732 (1,246,000)	— (—)	971,732 (1,246,000)
Loans given	35,000 (567,000)	— (—)	— (—)	121,024,000 (15,265,000)	121,059,000 (15,832,000)
Loans given received back	675,000 (—)	— (350,000,000)	— (—)	56,806,000 (—)	57,481,000 (350,000,000)
Share application money paid	25,000 (83,000)	— (—)	— (—)	— (—)	25,000 (83,000)
Share application money refund received	— (190,000)	— (—)	— (—)	— (—)	— (190,000)
Investment written off	— (40,630,079)	— (—)	— (—)	— (—)	— (40,630,079)
Share application money written off	— (37,290,000)	— (—)	— (—)	— (—)	— (37,290,000)
Issue of equity shares	— (—)	— (9,660,804)	— (—)	— (—)	— (9,660,804)
Capital introduced in subsidiary entities	415,000 (22,470,000)	364,189,000 (750,201,000)	— (—)	10,000 (71,928,000)	364,614,000 (844,599,000)
Capital withdrawn from subsidiary entities	191,000 (22,583,300)	627,826,353 (835,347,000)	— (—)	615,300 (30,000)	628,632,653 (857,960,300)
Balances receivable as at year end	9,660,036 (9,689,015)	436,414,125 (181,360,256)	— (—)	111,345,761 (48,512,740)	557,419,922 (239,562,011)
Balances payable as at year end	33,066,250 (32,131,094)	— (—)	— (—)	122,799,415 (122,961,021)	155,865,665 (155,092,115)

Note: Figures in the brackets are of the previous year.

iii) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

Particulars	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>Reimbursements made towards expenses</b>		
Suashish Diamdeal (India) Ltd.	365,495	255,187
Goenka Laser House Private Ltd.	365,495	255,187
Suashish Realtors Private Ltd.	331,566	215,374
Suashish Properties Private Ltd.	328,154	206,261
<b>Reimbursements received against expenses incurred</b>		
Taruvarsh Leasing Company Private Ltd.	—	100,000
Suashish Realty Pvt. Ltd.	—	62,025
<b>Rent expense incurred</b>		
Mr. Ashish R. Goenka	24,000	24,000
Goenka Laser House Private Ltd.	43,500	43,500
Suashish Diamdeal (India) Ltd.	43,500	43,500
suashish Properties Private Ltd.	35,124	35,124
Suashish Realtors Private Ltd.	42,624	42,624
<b>Dividend paid</b>		
Fabulous Holdings Pvt. Ltd.	—	6,320,625
Goenka Holdings Pvt. Ltd.	—	6,320,625
Radiant Holdings Pvt. Ltd.	—	6,320,625
Rapid Holdings Pvt. Ltd.	—	6,320,625
<b>Sale of polished diamond</b>		
Mrs. Lavina A. Goenka	9,415,895	283,159
<b>Managerial remuneration</b>		
Mr. Ashish R. Goenka	10,700,000	4,800,000
Mr. Nahshon Shagi	—	2,539,265
Mr. Rajiv M. Somani	4,778,809	6,744,760
<b>Consultancy charges paid</b>		
Mrs. Amita Kedia	320,400	840,000
Mr. Siddharth Kedia	651,332	406,000
<b>Loan given</b>		
Suashish Diamdeal (India) Ltd.	—	2,780,000
Suashish Properties Private Ltd.	71,909,000	7,887,000
Suashish Realtors Private Ltd.	48,774,000	4,598,000
<b>Loan given received back</b>		
Mr. Ashish R. Goenka	—	350,000,000
Suashish Properties Private Ltd.	33,896,000	—
Suashish Realtors Private Ltd.	22,910,000	—
<b>Share application money paid</b>		
Suashish Finance Ltd.	25,000	83,000
<b>Share application money refund received</b>		
Suashish Finance Ltd.	—	190,000
<b>Investment written off</b>		
Suashish Finance Ltd.	—	40,630,079
<b>Share application money written off</b>		
Suashish Finance Ltd.	—	37,290,000
<b>Issue of equity shares</b>		
Mr. Ashish R. Goenka	—	9,660,804
<b>Capital introduced in subsidiary entities</b>		
Mr. Ashish R. Goenka	364,189,000	750,201,000
<b>Capital withdrawn from subsidiary entities</b>		
Mr. Ashish R. Goenka	627,826,353	835,347,000
<b>Balances receivable as at year end</b>		
Mr. Ashish R. Goenka	432,574,363	169,411,508
<b>Balances payable as at year end</b>		
Taruvarsh Leasing Company Pvt. Ltd.	33,066,250	32,131,094
Rameshkumar Goenka (HUF)	108,246,279	108,666,780



## Suashish Diamonds Limited

The working capital facilities of Rs. 525 crores are secured by equitable mortgage by deposit of title deeds of factory premises including plot of land of the Company in Mumbai and office premises of four companies in which directors have significant influence, hypothecation of stock-in-trade, book debts, movables and other assets both present and future. Goenka Trading Co. a partnership firm in which directors having significant influence has executed Negative Lien in favour of the consortium for its property at Bandra Kurla Complex, Mumbai.

### 14. Managerial remuneration:

The profit and loss account includes remuneration to directors as follows:

	<b>Current Year 2009-2010 Rs.</b>	Previous Year 2008-2009 Rs.
Salaries, bonus and allowances	<b>9,828,245</b>	15,469,711
Contribution to provident funds and other funds	<b>21,600</b>	75,600
Commission	<b>5,900,000</b>	—
<b>Total</b>	<b>15,749,845</b>	15,545,311

### 15. Operating leases:

The disclosures in respect of leases entered as per Accounting Standard (AS)-19 'Leases', are given below:

i) The Group has entered into lease agreements for use of premises, which are in the nature of operating leases.

The future minimum lease payments for these leases as at balance sheet date are follows:

<b>Future minimum lease payments payable for the period</b>	<b>As at 31/03/2010 (Rs.)</b>	As at 31/03/2009 (Rs.)
Not later than one year	<b>4,667,325</b>	5,584,347
Later than one year and not later than five years	<b>3,433,729</b>	1,044,539
Later than five years	—	—

The amount of minimum lease payments with respect to the above leases recognized in the profit and loss account for the year is Rs.6,326,566 (previous year Rs.6,751,503).

ii) Further, the Group had entered into lease agreements and had given certain portion of premises on lease to others, which were in the nature of operating lease.

The future minimum lease payments receivable for the above lease are as follows:

<b>Future minimum lease payments receivable for the period</b>	<b>As at 31/03/2010 (Rs.)</b>	As at 31/03/2009 (Rs.)
Aggregate remaining period of lease	—	61,737,760
Not later than one year	—	21,275,441
Later than one year and not later than five years	—	40,462,319
Later than five years	—	—

The amount of minimum lease payments received with respect to the above leases recognised in the profit and loss account for the year is Rs.19,238,274 (previous year Rs.20,301,222).

16. In the opinion of the Directors, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business and are subject to confirmations.

17. Previous year's figures have been rearranged or regrouped wherever necessary and figures in brackets indicate the corresponding figures for previous year.

### Signature to Schedules '1' to '17'

As per our report of even date attached

FOR **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**  
PARTNER  
Membership No. 34709

Mumbai; Dated : 10 August 2010

On behalf of the Board of directors

**Ashish R. Goenka**  
**Rajesh R. Kedia**  
**Srikant Mohan**  
Managing Director  
Wholtime Director  
Company Secretary

Mumbai; Dated : 10 August 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1.	Name of the Subsidiary Company	Suashish Diamonds (Botswana) (Proprietary) Ltd.	Suashish Diamonds (Hong Kong) Ltd.	Suashish Diamonds (Shanghai) Company Ltd.	Suashish Jewels Inc.	Suashish Jewelry India Limited	Suashishstar Inc
2.	Financial Year ended on	31.3.2010	31.3.2010	31.3.2010	31.3.2010	31.3.2010	31.3.2010
3.	Holding Company's Interest in the Subsidiary Company						
	a) No. of Equity Shares held in the Subsidiary Company	3,000	3,700,000	200,000	10	50,000	10
	b) Face Value per Share	Pula 1	US\$ 1	US\$ 1	US\$ 10,000	Rs. 10	US\$ 1000
	c) Percentage of holding	100	100	100	47.62	100	100
4.	The Net aggregate amount of Subsidiary's Profit / (Loss) so far as it concerns the members of Holding Company not dealt with in the Holding Company's Accounts						
	a) For the Current Financial Year	(14,540,232)	17,357,338	(4,637,561)	15,293,519	240,998,082	Not Available
	b) For the Previous Financial Year since it became a subsidiary.	(4,938,683)	(28,696,869)	(1,563,713)	1,373,654	111,941,434	Not Available
5.	The Net aggregate amount of Profits/(Losses) of the Subsidiary which has been dealt with in the Holding Company's account						
	a) For the Current Financial Year	NIL	NIL	NIL	NIL	Not Applicable	Not Available
	b) For the Previous Financial period since it became a subsidiary.	NIL	NIL	NIL	NIL	Not Applicable	Not Available

On behalf of Board of Directors

**Ashish R. Goenka**

Managing Director

**Rajeshkumar R. Kedia**

Wholetime Director

Mumbai, 10th August, 2010.

## Suashish Jewelry India Limited

### DIRECTORS' REPORT

#### The Members of SUASHISH JEWELRY INDIA LIMITED

Your Directors have pleasure in presenting the Third Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

#### Financial Results

	Amount in Rs. 2009-2010	Amount in Rs. 2008-2009
Profit / (Loss) before Taxation	131,235,503	116,228,908
Current Provision for Taxation	(500,000)	NIL
Deferred Tax Benefit/(Expenses)	(1,678,855)	(3,907,135)
Fringe Benefit Tax	NIL	(40,000)
Profit /(Loss) after Taxation	129,056,648	112,281,773
Balance Brought forward from previous year	111,941,434	(340,339)
Balance Carried to Balance Sheet	240,998,082	111,941,434

#### Dividend

Your Directors do not recommended any dividend for the year ended 31<sup>st</sup> March, 2010.

#### Fixed Deposits

The Company has not accepted Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, as amended.

#### Directors' Responsibility Statement

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, the Directors hereby confirm that:

1. In the preparation of annual accounts for the financial year 2009-2010 the applicable accounting standards have been followed and that no material departure has been made from the same.

2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2009-2010 and of the profit of the company for that year.
3. The Directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provision of the companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting of fraud and other irregularities.
4. The Directors have prepared the annual accounts for the financial year 2009-10 on a going concern basis.

#### Auditors

M/s Suresh Surana & Associates, Chartered Accountants, Mumbai, the Statutory Auditors of the Company retire at the ensuring Annual General Meeting and are eligible for re-appointment.

#### Employee's Details

The Company does not have any Employee covered under the provisions of Section 217(2A) of the Companies Act, 1956.

#### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo.

Conservation of Energy, Technology Absorption: The Company has not commenced activities during the period the same is not applicable.

Foreign Exchange Earning: 6,110.93 lacs

Foreign Exchange Outgo : 1,739.06 lacs

For and on behalf of Board of Directors

Rajesh Kumar Kedia  
Director

Ashish R. Goenka  
Director

Place: Mumbai

Date: 10<sup>th</sup> August, 2010

**AUDITORS' REPORT**

To,  
The Members of

**SUASHISH JEWELRY INDIA LIMITED**

1. We have audited the attached balance sheet of Suashish Jewelry India Limited ('the Company') as at 31 March 2010, the profit and loss account and cash flow statement 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendments) Order, 2004 ('the Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as 'the Act') and on the basis of such checks, as were considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable *except for the Accounting Standard (AS)-2 'Valuation of Inventories' for the reasons stated in note 2 of Schedule '12', the impact whereof on the profit for the year and inventories and reserves and surplus as at 31/03/2010 could not be ascertained;*
- e) On the basis of written representations received from the directors, as on 31 March 2010, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereto in schedule '12' give the information required by the Act, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
  - i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2010;
  - ii. in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
  - iii. in the case of cash flow statement, of the cash flows for the year ended on that date.

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants  
Firm Reg No: 121750W

**(Nirmal Jain)**  
Partner  
Membership No. 34709

Mumbai; Dated: 2 August 2010

## Suashish Jewelry India Limited

### ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- 1) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
b) Fixed assets have been verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, though all the assets were not verified by the management during the year. No material discrepancies were noticed on such verification.  
c) During the year, the Company has not disposed off any part of its fixed assets.
- 2) a) According to information and explanations given to us, 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 inventory 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. On physical verification by the management, no material discrepancies between the book records and physical inventory have been noticed.
- 3) a) According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Act. Accordingly, the provision of clause 4(iii)(b), 4(iii)(c) and 4 (iii)(d) of the Order are not applicable to the Company.  
b) According to information and explanation given to us, the Company has not taken any loans, secured or unsecured from firms or other parties covered under section 301 of the Act. The Company has taken interest free unsecured loans from a company during the year. The maximum amount involved was Rs. 187,923,362 and the year-end balance was Rs. 184,715,430.  
c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken are prima facie, not prejudicial to the interest of the Company.  
d) According to information and explanation given to us, the loan taken is interest free and does not have any fixed repayment schedule.
- 4) In our opinion, and according to the information and explanations given to us, the Company has an adequate internal control system commensurate with its size and the nature of its business, for purchase of inventory and fixed assets and for sale of goods and services during the year. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- 5) a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to maintain under that section.  
b) According to information and explanation given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year.
- 6) The Company has not accepted any deposits from the public.
- 7) The Company did not have an internal audit system during the year.
- 8) As explained to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Act in respect of any of the activities of the Company.
- 9) a) According to the information and the explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it, with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31 March 2010 for a period of more than six months from the date they became payable except property tax of Rs. 176,073 payable to SEEPZ (BMC).  
b) According to information and explanations given to us, there are no dues on account of sales tax/ income tax/ custom duty/ wealth tax/ service tax / excise duty/ cess that have not been deposited with the appropriate authorities on account of any dispute.
- 10) Since the Company has been registered for a period less than five years (incorporated on 08/03/2007), clause 4(x) of the Order relating to accumulated losses and cash losses is not applicable in case of the Company.
- 11) The Company did not have any outstanding debentures or loans from any financial institution or bank during the year.
- 12) According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) The Company is not a chit fund/ nidhi /mutual benefit fund / society.
- 14) The Company is not dealing or trading in shares, securities, debentures and other investments.
- 15) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) The Company has no term loans outstanding during the year.
- 17) According to information and explanation given to us and overall examination of balance sheet of the Company, we report that as at the balance sheet date no funds raised on short term basis have been used for long term investments.
- 18) The Company has not made any preferential allotment of shares during the year.
- 19) The Company did not have outstanding debentures during the year.
- 20) The Company has not raised any money by public issues during the year.
- 21) According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants  
Firm Reg No: 121750W

(**Nirmal Jain**)  
Partner

Membership No.: 34709

Mumbai: 2 August 2010

## Suashish Jewelry India Limited

### BALANCE SHEET AS AT 31 MARCH 2010

	Schedule	(Rs.)	As at 31/03/2010 (Rs.)	(Rs.)	As at 31/03/2009 (Rs.)
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' funds</b>					
Share capital	1	500,000		500,000	
Reserves and surplus	2	<u>240,998,082</u>		<u>111,941,434</u>	
			<b>241,498,082</b>		112,441,434
<b>Loan funds</b>					
Unsecured loans	3		<b>184,715,430</b>		125,878,948
<b>Deferred tax liability</b>			<b>5,585,990</b>		3,907,135
<b>Total funds employed</b>			<u><b>431,799,502</b></u>		<u>242,227,517</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross block	4		<b>109,384,506</b>		107,811,232
Less: Accumulated depreciation			<u>8,746,339</u>		<u>3,477,403</u>
Net block			<b>100,638,167</b>		104,333,829
<b>Current assets, loans and advances</b>					
Inventories	5	80,064,746		29,550,666	
Sundry debtors		343,737,127		184,508,529	
Cash and bank balances		1,298,639		4,031,026	
Loans and advances		<u>10,081,057</u>		<u>6,564,134</u>	
<b>Total (a)</b>		<u><b>435,181,569</b></u>		<u>224,654,355</u>	
<b>Less: Current liabilities and provisions</b>					
Current liabilities	6	102,945,027		86,676,548	
Provisions		<u>1,075,207</u>		<u>84,119</u>	
<b>Total (b)</b>		<u><b>104,020,234</b></u>		<u>86,760,667</u>	
<b>Net current assets (a - b)</b>			<b>331,161,335</b>		137,893,688
<b>Total funds utilised</b>			<u><b>431,799,502</b></u>		<u>242,227,517</u>
<b>Significant accounting policies and notes forming part of the accounts</b>					
	12				

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**  
Partner  
Membership No. 34709  
Mumbai, 2 August 2010

On behalf of the Board of Directors

**Ashish R. Goenka**  
Director

**Rajeshkumar R. Kedia**  
Director

Mumbai, 2 August 2010

## Suashish Jewelry India Limited

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Schedule	(Rs.)	Current Year 2009-2010 (Rs.)	(Rs.)	Previous Year 2008-2009 (Rs.)
<b>INCOME</b>					
Sales					
— Finished goods		609,928,337		515,377,771	
— Raw materials		7,945,320		3,650,499	
			617,873,657		519,028,270
Exchange rate difference (net)			(4,000,375)		3,047,492
Sundry balances written back (net)			10,955		—
Increase/(Decrease) in stocks	7		41,367,477		13,309,655
			<u>655,251,714</u>		<u>535,385,417</u>
<b>EXPENDITURE</b>					
Cost of materials	8		465,408,413		395,500,439
Employees' remuneration and benefits	9		13,915,705		3,842,265
Manufacturing and other expenses	10		37,231,898		15,767,845
Selling and distribution expenses	11		2,191,259		568,557
Depreciation / amortisation			5,268,936		3,477,403
			524,016,211		419,156,509
<b>PROFIT/(LOSS)</b>					
<b>Profit before tax</b>			131,235,503		116,228,908
Provision for taxation:					
— Current tax		(500,000)		—	
— Deferred tax benefit/(expense)		(1,678,855)		(3,907,135)	
— Fringe benefit tax		—		(40,000)	
			<u>(2,178,855)</u>		<u>(3,947,135)</u>
Profit after tax			129,056,648		112,281,773
Balance brought forward from previous year			111,941,434		(340,339)
<b>Balance carried to balance sheet</b>			<u>240,998,082</u>		<u>111,941,434</u>
Basic and diluted earnings/(loss) per share			2,581.13		2,245.64
Face value per equity share			10		10
<b>Significant accounting policies and notes forming part of the accounts</b>	12				

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**  
Partner  
Membership No. 34709

Mumbai, 31 August, 2009

On behalf of the Board of Directors

**Ashish R. Goenka**  
Director

**Rajeshkumar R. Kedia**  
Director

Mumbai, 31 August, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010**

	<b>(Rs.)</b>	<b>Current Year 2009-10 (Rs.)</b>	<b>(Rs.)</b>	<b>Previous Year 2008-2009 (Rs.)</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net profit before tax</b>		<b>131,235,503</b>		116,228,908
<b>Adjustments for:</b>				
Depreciation/amortisation		<u>5,268,936</u>		<u>3,477,403</u>
<b>Operating profit before working capital changes</b>		<b>136,504,439</b>		119,706,311
<b>Changes in current assets and current liabilities</b>				
Trade and other receivables	(162,737,219)		(189,684,563)	
Inventories	(50,514,080)		(29,550,666)	
Trade payables and other trade liabilities	<u>16,759,567</u>		<u>86,647,914</u>	
		<b>(196,491,732)</b>		(132,587,315)
<b>Cash generated from/ (used in) operations</b>		<b>(59,987,293)</b>		(12,881,004)
Direct taxes paid		<u>(8,302)</u>		<u>(30,000)</u>
<b>Net cash generated from / (used in) operating activities</b>		<b>(59,995,595)</b>		(12,911,004)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Payments made for purchase of fixed assets/capital expenditure		<u>(1,573,274)</u>		(31,819,232)
<b>Net cash generated from / (used in) investing activities</b>		<b>(1,573,274)</b>		(31,819,232)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net proceeds from borrowings		<u>58,836,482</u>		48,737,048
<b>Net cash generated from financing activities</b>		<b>58,836,482</b>		48,737,048
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>		<b>(2,732,387)</b>		4,006,812
<b>Cash and cash equivalents - opening balance</b>		<b>4,031,026</b>		24,214
<b>Cash and cash equivalents - closing balance</b>		<b>1,298,639</b>		4,031,026
<b>Net increase/(decrease) as disclosed above</b>		<b>(2,732,387)</b>		4,006,812
<b>Cash and cash equivalents comprise of:</b>				
Cash in hand		33,271		491
Balance in current account		<u>1,265,368</u>		<u>4,030,535</u>
<b>Cash and cash equivalents</b>		<b>1,298,639</b>		4,031,026

Accounting policies and notes forming part of accounts are given in Schedule '12'

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**  
Partner  
Membership No. 34709

Mumbai, 31 August, 2009

On behalf of the Board of Directors

**Ashish R. Goenka**  
Director

**Rajeshkumar R. Kedia**  
Director

Mumbai, 31 August, 2009



## Suashish Jewelry India Limited

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2010

	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
<b>SCHEDULE '1' SHARE CAPITAL</b>		
<b>Authorised</b>		
250,000 Equity shares of Rs.10 each	<u>2,500,000</u>	<u>2,500,000</u>
	<u>2,500,000</u>	<u>2,500,000</u>
<b>Issued, subscribed and paid- up</b>		
50,000 Equity shares of Rs 10 each fully paid up	<u>500,000</u>	<u>500,000</u>
(Of the above 49,994 equity shares are held by Suashish Diamonds Limited, the holding company)		
	<u>500,000</u>	<u>500,000</u>

	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
<b>SCHEDULE '2' RESERVES AND SURPLUS</b>		
Profit and loss account	<u>240,998,082</u>	<u>111,941,434</u>
	<u>240,998,082</u>	<u>111,941,434</u>

	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
<b>SCHEDULE '3' UNSECURED LOANS</b>		
From Holding company (interest free)	<u>184,715,430</u>	<u>125,878,948</u>
	<u>184,715,430</u>	<u>125,878,948</u>

	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
<b>SCHEDULE '5' CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>Inventories</b> (as taken, valued and certified by the management)		
Raw materials	24,721,689	15,715,760
Work in progress	54,677,132	13,309,655
Stores and spares	665,925	525,251
	<u>80,064,746</u>	<u>29,550,666</u>

<b>Sundry debtors</b> (Unsecured, considered good):		
Debts outstanding for a period exceeding six months	2,634,429	—
Other debts	<u>341,102,698</u>	<u>184,508,529</u>
	<u>343,737,127</u>	<u>184,508,529</u>

<b>Cash and bank balances</b>		
Cash in hand	33,271	491
Bank balance with scheduled banks:		
– In current accounts	924,368	4,030,535
– Margin accounts	<u>341,000</u>	<u>—</u>
	<u>1,298,639</u>	<u>4,031,026</u>
<b>Total (b)</b>	<u>425,100,512</u>	<u>218,090,221</u>

<b>LOANS AND ADVANCES</b> (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	3,881,344	1,311,893
Advance to employees	37,000	11,000
VAT receivable	5,843,861	4,966,891
Deposits	280,550	244,350
Fringe benefit tax paid	<u>38,302</u>	<u>30,000</u>
<b>Total (b)</b>	<u>10,081,057</u>	<u>6,564,134</u>
<b>Total (a + b)</b>	<u>435,181,569</u>	<u>224,654,355</u>

<b>SCHEDULE '6' CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors (refer note 12 of Schedule '12')	100,750,605	86,528,715
Other liabilities	<u>2,194,422</u>	<u>147,833</u>
	<u>102,945,027</u>	<u>86,676,548</u>

<b>PROVISIONS</b>		
Provision for gratuity	223,782	44,119
Provision for leave salary	311,425	—
Provision for income tax	500,000	—
Provision for fringe benefit tax	<u>40,000</u>	<u>40,000</u>
	<u>1,075,207</u>	<u>84,119</u>
	<u>104,020,234</u>	<u>86,760,667</u>

### SCHEDULE '4' FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	As at 01/04/2009 (Rs.)	Additions (Rs.)	As at 31/03/2010 (Rs.)	upto 31/03/2009 (Rs.)	For the year (Rs.)	upto 31/03/2010 (Rs.)	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
Leasehold premises	75,922,000	—	75,922,000	799,179	799,179	1,598,358	74,323,642	75,122,821
Factory building	3,349,683	—	3,349,683	172,572	317,711	490,283	2,859,400	3,177,111
Plant and machinery	16,763,895	1,456,919	18,220,814	1,319,143	2,266,915	3,586,058	14,634,756	15,444,752
Furniture and fixtures	8,316,208	—	8,316,208	850,275	1,351,334	2,201,609	6,114,599	7,465,933
Electrical fittings	2,544,585	—	2,544,585	204,491	325,507	529,998	2,014,587	2,340,094
Office equipments	474,746	2,476	477,222	32,449	64,000	96,449	380,773	442,297
Computers	440,115	113,879	553,994	99,294	144,290	243,584	310,410	340,821
<b>Current Year</b>	<b>107,811,232</b>	<b>1,573,274</b>	<b>109,384,506</b>	<b>3,477,403</b>	<b>5,268,936</b>	<b>8,746,339</b>	<b>100,638,167</b>	<b>104,333,829</b>
Previous Year	—	107,811,232	107,811,232	—	3,477,403	3,477,403	104,333,829	—

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010**

	(Rs.)	Current Year 2009-2010 (Rs.)	(Rs.)	Previous Period 2008-2009 (Rs.)
<b>SCHEDULE '7'</b>				
<b>INCREASE / (DECREASE) IN STOCKS</b>				
Closing stock of work-in-progress		54,677,132		13,309,655
Less: Opening stock of work-in-progress		<u>13,309,655</u>		<u>—</u>
		<u>41,367,477</u>		<u>13,309,655</u>
 <b>SCHEDULE '8'</b>				
<b>COST OF MATERIALS</b>				
<b>a) Raw materials:</b>				
Opening stock	15,715,760		—	
Add: Purchases	<u>467,009,704</u>		408,904,112	
	<u>482,725,464</u>		<u>408,904,112</u>	
Less: Closing stock	<u>24,721,689</u>		<u>15,715,760</u>	
		<u>458,003,775</u>		393,188,352
<b>b) Stores and spares:</b>				
Opening stock	525,251		—	
Add: Purchases	<u>7,545,312</u>		2,837,338	
	<u>8,070,563</u>		<u>2,837,338</u>	
Less: Closing stock	<u>665,925</u>		<u>525,251</u>	
		<u>7,404,638</u>		2,312,087
		<u>465,408,413</u>		<u>395,500,439</u>
 <b>SCHEDULE '9'</b>				
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>				
Salaries, wages, bonus and allowances		12,542,915		3,463,320
Contribution to provident and other funds		591,480		120,864
Gratuities		179,663		44,119
Staff welfare expenses		<u>601,647</u>		<u>213,962</u>
		<u>13,915,705</u>		<u>3,842,265</u>
 <b>SCHEDULE '10'</b>				
<b>MANUFACTURING AND OTHER EXPENSES</b>				
Labour charges		19,160,442		7,033,084
Power and fuel		5,704,747		2,945,621
Water charges		156,313		78,446
Insurance charges		401,848		278,979
Rates and taxes		3,338,119		1,897,967
Repairs and maintenance		327,922		142,177
Travelling and conveyance expenses		306,543		172,791
Telephone expenses		79,981		80,511
Freight, clearing and forwarding charges		288,254		74,352
Legal and professional charges		181,903		553,784
Printing and stationery		91,439		97,693
Computer expenses		1,709,500		94,115
Auditors remuneration:				
– For audit	50,000		1,399,635	
– For tax audit	25,000		22,060	
– For taxation matters	<u>15,000</u>		<u>9,750</u>	
		<u>90,000</u>		1,431,445
Prototype sample		2,603,417		—
Bank commission and charges		2,377,534		274,714
Sundry balance written off		—		300,000
Miscellaneous expenses		<u>413,937</u>		<u>312,166</u>
		<u>37,231,898</u>		<u>15,767,845</u>
 <b>SCHEDULE '11'</b>				
<b>SELLING AND DISTRIBUTION EXPENSES</b>				
Freight, clearing and forwarding charges		1,577,033		478,702
Business promotion expenses		213,545		77,799
Certification charges		400,681		—
Commission on sales		—		12,056
		<u>2,191,259</u>		<u>568,557</u>

## Suashish Jewelry India Limited

### SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2010 AND PROFIT AND LOSS ACCOUNT YEAR THEN ENDED

#### SCHEDULE '12'

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

##### 1) Significant accounting policies:

###### a) Basis of preparation of financial statements:

These financial statements are prepared in accordance with the generally accepted accounting principles (GAAP) in India under the historical cost convention on the accrual basis, except insurance claim, which is accounted when it is finally settled. The financial statements have been prepared to comply in all material respects with the notified Accounting Standards issued by the Companies Accounting Standards Rules, 2006 except as disclosed in the financial statements and the relevant provisions of the Companies Act, 1956.

###### b) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

###### c) Fixed assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition inclusive of freight, duties, taxes, incidental expenses and pre-operative expenses allocated to the same.

###### d) Depreciation / amortization:

Depreciation is provided on written down value method at the rates and in the manner specified in schedule XIV of the Companies Act, 1956

Cost of improvement of leasehold premises are provided on written down value method @ 10%.

Leasehold premises is amortised over the lease period.

###### e) Inventories:

- i. Raw materials (gold, alloys and precious and semi-precious stones) and stores and spares are valued at cost or net realisable value, whichever is lower. Cost is ascertained by FIFO / Specific identification method.
- ii. Work-in-progress is valued at material cost.
- iii. Gold and silver recovered from dust are valued at market rate as at the year end.

###### f) Revenue recognition:

Revenue from export sales is recognized when delivery of goods is physically given to Customs authorities. Revenue from domestic sales is recognized when goods are delivered to the customer and the title of goods passes to the customer.

###### g) Foreign currency transactions:

- i. Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.
- ii. The premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the

life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

###### h) Retirement benefits:

- i. Retirement benefit in the form of provident fund contribution is accounted on accrual basis.
- ii. Provision for gratuity liability is made on the basis of actuarial valuation as at the end of the accounting year.
- iii. Liability for encashment of leave is recognised and charged to the profit and loss account in the year in which it is earned on accrual basis.

###### i) Taxation:

- i. Current tax represents tax on profits for the current year as determined based on the provisions of the Income Tax Act, 1961.
- ii. The deferred tax for timing differences between the book profits and tax profits for the year is accounted based on tax rates in force and tax laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences, are recognised to the extent there is reasonable certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- iii. Fringe benefit tax is provided as per the provisions of Income Tax Act, 1961 on the chargeable expenses incurred during the previous year.

###### j) Provisions and contingent liabilities and contingent assets:

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote no provision or disclosure is made

###### k) Impairment of fixed assets :

At each balance sheet date, the Company determines whether a provision should be made for impairment loss on fixed assets (including intangible assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) - 28 "Impairment of Assets". Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

###### l) Earnings per share :

Basic earnings per share ("EPS") are calculated by dividing the net profit / (loss) after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

- 2) Work-in-progress is valued at material cost without allocating the production overheads. In view of the different design, weight and purity of Jewellery items manufactured by the Company, it is not considered feasible / practical by the management to compute cost of work-in-progress inclusive of overheads cost. This method of valuation is not in conformity with the requirements of the Accounting Standard (AS)-2 on 'Valuation of Inventories' which requires the inventories to be valued at lower of cost or net realisable value and cost for this purpose should be determined after allocating the production overheads.

The impact of above deviation on the profit for the year and value of inventories and reserves and surplus as at 31 March 2010 could not be ascertained.

- 3) Quantitative information (As certified by the Management)
- a) Licensed capacity - Not applicable
- b) Installed capacity (Jewellery manufacturing) - Not applicable
- c) Opening stock, production, purchase, turnover and closing stock
- i. Finished goods

Particulars	Units	Opening stock		Production	Turnover		Closing stock	
		Qty.	Value (Rs.)	Qty.	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Precious and semi-precious studded gold jewellery	Pieces	— (—)	— (—)	209,334 (85,719)	209,334 (85,719)	609,928,337 (515,377,771)	— (—)	— (—)

- ii. Raw materials

Class of goods	Units	Opening stock		Purchases		Turnover		Closing stock	
		Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
Gold	Grams	— (—)	— (—)	87,748.78 (44,434.51)	139,757,344 (58,285,753)	— (2.49)	— (3,650,499)	101.89 (—)	167,303 (—)
Diamond	Carats	2,123.32 (—)	10,778,252 (—)	56,397.62 (25,230.01)	281,512,579 (332,854,175)	— (—)	— (—)	3,118.92 (2,123.32)	22,507,985 (10,778,252)
Silver	Grams	— (—)	— (—)	802,304.97 (117,054.16)	20,210,142 (2,177,671)	24,629.63 (—)	603,171 (—)	2,000.00 (—)	53,896 (—)
Others		— (—)	4,937,508 (—)	— (—)	25,529,639 (15,586,513)	— (—)	7,342,149 (—)	— (—)	1,992,505 (4,937,508)
<b>Total</b>			15,715,760 (—)	467,009,704 (408,904,112)	— (—)	7,945,320 (3,650,499)	— (—)	24,721,689 (15,715,760)	

- d) Consumption of raw materials

Particulars	Units	Imported		Indigenous		Total	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Gold	Grams	31,973.00 (13,558.63)	50,389,803 (19,412,759)	55,673.89 (30,873.39)	89,200,238 (35,222,495)	87,646.89 (44,432.02)	139,590,041 (54,635,254)
Diamond	Carats	11,062.16 (1,545.18)	83,814,163 (9,270,636)	44,339.87 (21,561.51)	185,968,683 (312,805,287)	55,402.03 (23,106.69)	269,782,846 (322,075,923)
Silver	Grams	723,422.97 (12,187.16)	18,431,810 (198,852)	76,882.00 (104,867.00)	1,724,436 (1,978,819)	800,304.97 (117,054.16)	20,156,246 (2,177,671)
Others			10,747,333 (5,652,310)		17,727,309 (4,996,695)		28,474,642 (10,649,005)
Total			163,383,109 (34,534,557)		294,620,666 (355,003,296)		458,003,775 (389,537,853)
Percentage (%)			35.67 (8.87)		64.33 (91.13)		100.00 (100.00)

**Note:**

The consumption of gold shown above has been arrived at on the basis of opening stock plus purchases as reduced by sales, closing stock and adjusted for shortages or gains. Profit / loss, if any, on sale of raw materials (gold) gets adjusted in the consumption.

	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)	Particulars	Outside India (Rs.)	Within India (Rs.)	Total (Rs.)
4) <b>C.I.F. value of imports:</b>			<b>Segment revenue</b>			
Raw materials	169,991,386	49,961,529	Sales and income from operations	611,575,269	6,298,388	617,873,657
Stores and spares	143,404	—		(515,377,771)	(3,650,499)	(519,028,270)
Prototype sample	2,580,086	—	<b>Carrying amount of assets by geographical location of assets</b>			
Capital goods	1,191,194	10,669,144	Segment assets	343,617,956	192,163,478	535,781,434
5) <b>F.O.B. value of exports</b>	611,093,042	515,139,855		(180,762,703)	(148,195,481)	(328,958,184)
6) <b>Segment reporting:</b>			<b>Addition to fixed assets</b>	—	1,573,274	1,573,274
The Company has only one business segments viz. Gem and Jewellery, which is considered as the primary segment. Information regarding the secondary segment, i.e. 'geographical segments' is given below:				(—)	(107,811,232)	(107,811,232)

**Notes:**

- i. Secondary segments identified are as per the requirements of Accounting standard (AS)-17 'Segment Reporting' taking into account the organisation structure as well as the differing risks and returns.
- ii. The segment revenue and total assets includes the revenue and assets respectively, which are identifiable with each segment and amounts allocated to the segments on a reasonable basis.

## Suashish Jewelry India Limited

### 7) Related Party disclosures:

Details of related party and transactions with them are as follows:

	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
<b>Suashish Diamonds Ltd. - Holding company</b>		
Purchases of polished diamonds	188,266,897	316,089,664
Purchase of gold findings	4,643	—
Purchase of fixed assets	66,016	—
Loan taken	217,478,538	98,865,748
Loan repaid	158,642,056	50,049,000
Loan outstanding as at year end	184,715,430	125,878,948
Balance payable as at year end	3,014,948	60,392,317
<b>Suashish Jewels Inc. - Fellow subsidiary company</b>		
Sale of jewellery	575,292,286	196,776,429
Purchase of gold jewellery	142,344,397	44,188,409
Balance receivable as at year end	328,103,123	180,762,704
Balance payable as at year end	86,375,335	22,662,869
<b>Suashish Diamonds (HK) Ltd. - Fellow subsidiary company</b>		
Purchases	3,286,723	1,587,031
Balance payable as at year end	3,273,602	—

### Notes:

- The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.
  - The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related party.
- 8) Disclosures in respect of defined benefit plans (gratuity - unfunded) as required under Accounting Standard (AS) -15 "Employee Benefits" are as under:

Particulars	Current Year 2009-2010 (Rs.)	Previous Year 2008-2009 (Rs.)
i) Principal assumption used in determining gratuity:		
Discount rate	8.25% p.a.	8% p.a.
Salary growth rate	6% p.a.	6% p.a.
Retirement age	60 years	60 years
ii) Change in the present value of the defined gratuity benefits obligations:		
Present value of defined benefits obligations at the beginning of the year	44,119	—
Interest cost	3,530	—
Current service cost	195,205	—
Benefit paid	—	—
Actuarial (gain) / loss on defined benefits obligation	(19,071)	—
Projected benefit obligation at the end of the year	223,782	44,119
iii) Amount to be recognised in the balance sheet		
Present value of defined benefits obligation	223,782	44,119
Fair Value of plan assets	—	—
Liability recognised in balance sheet at year end	223,782	44,119
iv) Amounts to be recognised in the profit and loss account		
Service cost	195,205	44,119
Interest cost of obligation	3,530	—
Expected return on plan assets	—	—
Net actuarial (gain) / loss	(19,071)	—
Total expense recognised in the statement of profit and loss account	179,663	44,119

- 9) The Company has established industrial undertakings in 'Special Economic Zone' and is eligible for deduction under Section 10AA of Income Tax Act, 1961 subject to fulfilment of specified conditions. Accordingly, provision for taxation for the year has been made considering above tax benefit.

Deferred tax liabilities arising on account of timing differences during the year and not reversing within the tax holiday period as at year end Rs. 5,585,990 (as at 31/03/2009 rs. 3,907,135) is on account of depreciation.

- 10) a) Details of foreign currency exposures which are not hedged as at year end are as under:

Particulars	As at 31/03/2010		As at 31/03/2009	
	Currency	Amount in foreign currency Rs.	Amount	Amount in foreign currency Rs.
Debtors	USD	7,656,372	343,617,956	3,639,939,184,508,529
Creditors	USD	2,086,426	93,706,131	1,000,559 50,768,386

- b) Forward contract outstanding as at year end in respect of exports USD 7,384,167 (as at 31/03/2009 USD 3,766,310).

- 11) For the purpose of calculating earnings per share, the net profit after tax for the year of Rs.129,056,648 (previous year Rs. 112,281,773) has been divided by the weighted average number of equity shares outstanding during the year i.e. 50,000 equity shares (previous year 50,000 equity shares).
- 12) The Company has not received any information from its suppliers regarding registration under the 'Micro, Small and Medium Enterprises Development Act, 2006'. The information required to be given in accordance with Section 22 of the said Act, is not ascertainable and hence not disclosed.
- 13) In the opinion of the Directors, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business and are subject to confirmations.
- 14) The previous year's figures have been rearranged or regrouped wherever necessary and figures in brackets indicate the corresponding figures for previous year.

### Signature to schedules '1' to '12'

As per our report of even date attached On behalf of the Board of Directors

For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

**Nirmal Jain**  
Partner  
Membership No. 34709

**Ashish R. Goenka** **Rajeshkumar R. Kedia**  
Director Director

Mumbai, 2 August, 2010

Mumbai, 2 August, 2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(As per GSR No. 388(E) [F No. 3/24/94-CLV] dated 15/05/1995)

<b>I. Registration Details</b>			
Registration No.	:	168477	State Code: 11
Balance Sheet Date	:	31/03/2010	
<b>II. Capital raised during the period</b>	:	<b>(Amount in Rs. Thousands)</b>	
Public	:	Nil	
Rights Issue	:	Nil	
Bonus Issue	:	Nil	
Private Placement	:	Nil	
<b>III. Position of Mobilisation and Deployment of Funds</b>	:	<b>(Amount in Rs. Thousands)</b>	
Total Liabilities	:	535,820	
Total Assets	:	535,820	
<b>Sources of Funds</b>			
Paid-up Capital	:	500	
Reserves and Surplus	:	240,998	
Secured Loans	:	Nil	
Unsecured Loans	:	184,715	
Deferred Tax Liability	:	5,586	
<b>Application of Funds</b>			
Net Fixed Assets	:	100,638	
Investments	:	Nil	
Net Current Assets	:	331,161	
Miscellaneous Expenditure	:	Nil	
Deferred Tax Assets	:	Nil	
<b>IV. Performance of Company</b>	:	<b>(Amount in Rs. Thousands)</b>	
Turnover (including other income)	:	613,884	
Total Expenditure (Net of increase/decrease in stocks)	:	482,649	
Profit before tax	:	131,236	
Profit after tax	:	129,057	
Basic and diluted earnings per share in Rs	:	2,581.13 (Face value Rs. 10)	
Dividend rate	:	Nil	
<b>V. Generic Names of Three Principal Products / Services of the Company</b>	:	<b>(As per monetary terms)</b>	
Item Code No. (ITC Code)	:	711319.036	
Product Description	:	Precious and semi-precious gold jewellery.	

## Suashish Diamonds (Botswana) (Proprietary) Limited

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### DIRECTORS' REPORT

#### To the Shareholders

The Board of Directors of Suashish Diamonds (Botswana)(Proprietary) Limited submit their Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

#### Currency

All figures in the accounts are in PULA and has been denoted as 'PULA'.

#### Share Capital

The Paid-up Share Capital as at year-end was Pula 3000 (Previous Year Pula 3000)

#### Business Activity

The Net Profit incurred during the year Pula 17,66,896 (Net Loss incurred during Previous Year Pula 7,83,918) .

#### Dividend

No Dividend was declared for the year ended 31<sup>st</sup> March, 2010.

#### Auditors

The Accounts have been audited by H. P.Patel & Company Chartered Accountants.

By Order of the Board of Directors

**Vikas Mehta**      **Sanjeev Somani**  
Director                      Director

### AUDITORS' REPORT

To,  
The Members of  
**SUASHISH DIAMONDS (BOTSWANA) (PROPRIETARY) LIMITED**

1. We have audited the attached balance sheet of Suashish Diamonds Botswana (proprietary) Limited, P.O. 401981, Broadhurst, Gaborone, Botswana as at 31 March 2010 and the profit and loss account and cash flow statement of the Company for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Further to our comments as 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 purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereto in schedule '7' give the information required by the Act, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
  - i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2010;
  - ii. in the case of the profit and loss account, of the loss of the Company for the period ended on that date; and
5. The report made hereinabove is given with limited purpose of inclusion in the consolidation of accounts as at 31<sup>st</sup> March-2010 of the Holding company M/S SUASHISH DIAMONDS LTD.

FOR **H.P. PATEL & CO**  
Chartered Accountant

(**H.P. PATEL**)  
Proprietor

Mumbai  
Date: 30<sup>th</sup> June, 2010

Membership No.112058  
Firm Regn. No.122606W

**Suashish Diamonds (Botswana) (Proprietary) Limited**

**BALANCE SHEET AS ON 31ST MARCH 2010**

PARTICULARS	SCH.	31.03.2010	31.03.2009
		Pula	
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	1	3,000	3,000
Reserves and surplus	2	<u>(1,805,617)</u>	<u>(3,572,513)</u>
		<u>(1,802,617)</u>	<u>(3,569,513)</u>
<b>Loan Funds</b>			
Unsecured loans	3	<u>51,271,428</u>	<u>7,995,732</u>
<b>TOTAL FUNDS EMPLOYED</b>		<u><b>49,468,811</b></u>	<u><b>4,426,219</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross Block	4	5,579,075	5,047,873
Less: Depreciation		<u>1,510,947</u>	<u>875,270</u>
Net block		<u>4,068,128</u>	<u>4,172,603</u>
<b>Current assets, loans and advances</b>			
Inventories	5	40,565,841	—
Sundry debtors		5,586,483	—
Cash and bank balances		747,008	316,871
Other current assets		<u>474,593</u>	<u>203,313</u>
<b>Total 'A'</b>		<u><b>47,373,925</b></u>	<u><b>520,184</b></u>
<b>Less : Current liabilities and provisions</b>			
Current liabilities	6	1,973,242	266,568
<b>Total 'B'</b>		<u><b>1,973,242</b></u>	<u><b>266,568</b></u>
<b>Net current assets (A - B)</b>		<u><b>45,400,683</b></u>	<u><b>253,616</b></u>
<b>TOTAL FUNDS UTILISED</b>		<u><b>49,468,811</b></u>	<u><b>4,426,219</b></u>
<b>Significant accounting Policies and Notes</b>	7		
<b>On behalf of the Board of Directors</b>			
<b>Vikas Mehta</b> (Director)		<b>For H.P. Patel &amp; Co.</b> Chartered Accountant	
<b>Sanjiv Somani</b> (Director)		<b>(H.P. Patel)</b> Proprietor Membership No. 112058 Firm Regn. No.122606W	
Dated: 30th June, 2010		Dated: 30th June, 2010	

**PROFIT AND LOSS A\C FOR THE PERIOD 01ST APRIL 2009 TO 31ST MARCH 2010**

PARTICULARS	SCH.	31.03.2010	31.03.2009
		Pula	
<b>INCOME</b>			
Sales and income from operations	8	57,387,355	80,540,251
Other income	9	<u>1,334,918</u>	<u>(1,611,153)</u>
		<u><b>58,722,273</b></u>	<u><b>78,929,098</b></u>
<b>EXPENDITURE</b>			
Cost of Materials	10	51,425,814	74,278,858
Employees' remuneration and benefits	11	1,615,910	2,782,174
Manufacturing and other expenses	12	2,477,024	1,922,616
Selling and distribution expenses	13	8,877	8,881
Interest	14	792,073	4,676
Depreciation	4	<u>635,677</u>	<u>715,811</u>
		<u><b>56,955,376</b></u>	<u><b>79,713,016</b></u>
<b>PROFIT</b>			
<b>Profit for the year</b>		<u><b>1,766,896</b></u>	<u><b>(783,918)</b></u>
Balance brought forward from previous year		<u>(3,572,513)</u>	<u>(2,788,595)</u>
<b>Surplus available for appropriation</b>		<u><b>(1,805,617)</b></u>	<u><b>(3,572,513)</b></u>
<b>Balance carried to Balance Sheet</b>		<u><b>(1,805,617)</b></u>	<u><b>(3,572,513)</b></u>
<b>Significant accounting Policies and Notes</b>	7		
<b>On behalf of the Board of Directors</b>			
<b>Vikas Mehta</b> (Director)		<b>For H.P. Patel &amp; Co.</b> Chartered Accountant	
<b>Sanjiv Somani</b> (Director)		<b>(H.P. Patel)</b> Proprietor Membership No. 112058 Firm Regn. No.122606W	
Dated: 30th June, 2010		Dated: 30th June, 2010	



## Suashish Diamonds (Botswana) (Proprietary) Limited

### CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2010

PARTICULARS	31.03.2010 Current Period (Pula)	31.03.2009 Previous Period (Pula)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/Loss Before Tax	1,766,896	(783,918)
<b>ADJUSTMENTS FOR</b>		
Depreciation	635,677	715,811
Loss on sale of Investments	—	—
<b>Operating profit before working capital changes</b>	<b>2,402,573</b>	<b>(68,107)</b>
<b>Change in Current Assets and Current Liabilities</b>		
(Increase)/Decrease in Trade & Other Receivables & Other Current Assets	(5,857,763)	12,251,543
(Increase)/Decrease in Inventories	(40,565,841)	18,939,045
Increase/(Decrease) in Current Liabilities	1,706,674	146,862
<b>Cash Generated from/ (used in) operations</b>	<b>(42,314,356)</b>	<b>31,269,343</b>
Direct taxes paid	—	—
<b>Net Cash from/ (used in) operating activities</b>	<b>(42,314,356)</b>	<b>31,269,343</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Investments/Assets	—	—
Purchase of Investments/Assets	(531,202)	(625,569)
<b>Net Cash generated from/ (used in) investing activities</b>	<b>(531,202)</b>	<b>(625,569)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings (net)	43,275,696	(30,709,779)
<b>Net Cash generated from/ (used in) financing activities</b>	<b>43,275,696</b>	<b>(30,709,779)</b>
<b>Net Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>430,137</b>	<b>(66,005)</b>
<b>Cash and Cash Equivalents - opening balance</b>	<b>316,871</b>	<b>382,876</b>
<b>Cash and Cash Equivalents - closing balance</b>	<b>747,008</b>	<b>316,871</b>
<b>Net decrease as disclosed above</b>	<b>430,137</b>	<b>(66,005)</b>
<b>Cash and Cash Equivalents closing balance comprise of:</b>		
Cash in Hand	10,636	9,929
Balance in Current Account	736,372	306,942
	<b>747,008</b>	<b>316,871</b>

Accounting policies and notes to accounts are given in Schedule '7'

As per our report of even date attached

On behalf of the Board of Directors

**Vikas Mehta**  
(Director)

**Sanjiv Somani**  
(Director)

Dated: 30th June, 2010

**For H.P. Patel & Co.**  
Chartered Accountant

**(H.P. Patel)**  
Proprietor  
Membership No. 112058  
Firm Regn. No.122606W

Dated: 30th June, 2010

## Suashish Diamonds (Botswana) (Proprietary) Limited

### SCHEDULES TO BALANCE SHEET

PARTICULARS	31.03.2010	31.03.2009	SCHEDULE '3'		
	PULA		<b>UNSECURED LOANS</b>		
<b>SCHEDULE '1'</b>			Suashish Diamonds Ltd.	51,271,428	7,995,732
<b>SHARE CAPITAL</b>			(Holding Company)		
<b>Issued, subscribed and paid-up</b>				<u>51,271,428</u>	<u>7,995,732</u>
Share Capital	3,000	3,000			
3000 Shares of P1 each	<u>3,000</u>	<u>3,000</u>			
<b>SCHEDULE '2'</b>					
<b>RESERVES AND SURPLUS</b>					
As per last Balance Sheet	(3,572,513)	(2,788,595)			
Add: Transferred from profit and loss a/c	1,766,896	(783,918)			
	<u>(1,805,617)</u>	<u>(3,572,513)</u>			

### SCHEDULE '04' – FIXED ASSETS

SR.NO.	DESCRIPTION OF ASSETS	Rate	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
			AS AT 01.04.2009 PULA	ADDITIONS (PULA)	AS AT 31.03.2010 (PULA)	UPTO 01.04.2009 (PULA)	FOR THE YEAR (PULA)	UPTO 31.03.2010 (PULA)	AS AT 31.03.2009 (PULA)	AS AT 31.03.2010 (PULA)
1	PLANT AND MACHINERY	15%	4,079,789.14	525,769.11	4,605,558.25	716,437.00	527,256.00	1,243,693.00	3,363,352.14	3,361,865.25
2	FURNITURES AND FIXTURES	10%	708,342.44	5,433.35	713,775.79	81,789.00	62,746.00	144,535.00	626,553.44	569,240.79
3	MOTOR VEHICLES	25%	259,741.00	0.00	259,741.00	77,044.00	45,675.00	122,719.00	182,697.00	137,022.00
	<b>TOTAL</b>		<b>5,047,872.58</b>	<b>531,202.46</b>	<b>5,579,075.04</b>	<b>875,270.00</b>	<b>635,677.00</b>	<b>1,510,947.00</b>	<b>4,172,602.58</b>	<b>4,068,128.04</b>

### SCHEDULE '5'

#### CURRENT ASSETS, LOANS AND ADVANCES

#### CURRENT ASSETS

##### Inventories

Raw materials (Rough diamonds)	40,565,841	—
	<u>40,565,841</u>	<u>—</u>

##### Sundry debtors

Suashish Diamonds Ltd. (Surat)	5,586,483	—
	<u>5,586,483</u>	<u>—</u>

##### Cash and bank balances

Cash balance on hand	10,636	9,929
Bank balance with scheduled banks:		
In current accounts	736,372	306,942
	<u>747,008</u>	<u>316,871</u>

##### LOANS AND ADVANCES

Deposits	82,700	85,350
VAT receivable	132,058	18,007
Withholding Tax Receivable	1,043	948
Balance Receivable form Holding Co.	112,928	42,736
Advance against expenses	50,893	—
Prepaid expenses	94,972	56,272
	<u>474,593</u>	<u>203,313</u>

### SCHEDULE '6'

#### CURRENT LIABILITIES

Sundry creditors	1,515,813	241,248
Outstanding Expenses	274,165	25,295
Withholding Tax Payable	183,265	25
	<u>1,973,242</u>	<u>266,568</u>

### Schedule 7

#### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

##### 1. Significant accounting policies:

##### a) System of accounting:

- 1) These accounts are prepared on historical cost basis and on the accounting principle of going concern basis.
- 2) The Company is generally accounting on accrual basis.

##### b) Revenue recognition:

Revenue from Export sales is recognized when delivery of goods is physically given to Customs authorities.

##### c) Fixed Assets:

Fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

##### d) Depreciation:

The Company has been charging depreciation on written down value method at the rates and in the manner specified in Botswana Income Tax Act.

##### e) Inventories:

**Raw Materials** – Rough diamonds are valued at the lower of cost or net realizable value. The cost is determined on weighted average basis by adding purchase price, commission on purchase, cleaving charges and by reducing the sale value of raw materials (rejections) sold.

**Finished Goods** – Polished Diamonds are valued at the lower of estimated cost as certified by Directors or Net Realizable value.

## Suashish Diamonds (Botswana) (Proprietary) Limited

### 2. Lease Disclosures:

The Company has entered into four (previous year four) lease agreements for the use of premises by it, which is in the nature of operating leases.

The future minimum lease payments for these leases at the balance sheet date are as follows:-

Future minimum lease payments payable for the period	As at 31/03/2010 PULA	As at 31/03/2009 PULA
i. Not later than one year	351,825.00	420,200.00
ii. Later than one year and not later than five years	203,500.00	99,825.00
iii. Later than five years	0.00	0.00

The amount of minimum lease payments with respect to the above leases recognized in the profit and loss account for the year is Pula 507,297.00 (previous year PULA 560,896.00)

3. The Company has in its normal course of business entered in to transaction with parties who have substantial influence on the affairs of the company. These transactions are on arm length basis and at generally acceptance market value.

The related parties with whom the transactions have been carried out during the year 2010 are as under:

#### Suashish Diamonds Ltd. (Holding Company)

Sales to Suashish Diamonds Ltd.	Pula	57,387,354.53
Purchase from Suashish Diamonds Ltd.	Pula	NIL
A/c's Receivable as on 31.03.2010	Pula	5,586,483.16
A/c's Payable as on 31.03.2010	Pula	NIL
Unsecured loan received during the year	Pula	44,764,438.87
Unsecured loan repaid during the year	Pula	NIL
Unsecured loan Balance Payable	Pula	51,271,427.66

4. The previous year figures have been rearranged or regrouped wherever necessary and figures in the brackets indicate the corresponding figures for previous year.

Signature to Schedules '1' to '7'

#### On behalf of the Board of Directors

**Vikas Mehta**  
(Director)

**For H.P. Patel & Co.**  
Chartered Accountant

**Sanjiv Somani**  
(Director)

**(H.P. Patel)**  
Proprietor  
Membership No. 112058  
Firm Regn. No.122606W

Dated: 30th June, 2010

Dated: 30th June, 2010

### SCHEDULE TO PROFIT AND LOSS ACCOUNT

PARTICULARS	31.03.2010	31.03.2009
	PULA	
<b>SCHEDULE '8'</b>		
<b>SALES AND INCOME FROM OPERATIONS</b>		
Sales - Polished diamonds	53,303,751	72,202,556
Sales - Rough diamonds	4,083,604	8,337,695
	<u>57,387,355</u>	<u>80,540,251</u>
<b>SCHEDULE '9'</b>		
<b>OTHER INCOME</b>		
Bank Interest	6,606	18,123
Exchange Difference	1,327,512	(1,629,276)
Misc.Income	800	—
	<u>1,334,918</u>	<u>(1,611,153)</u>
<b>SCHEDULE '10'</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Raw Materials Consumed:		
Opening Stock	—	18,939,045
ADD: Purchase of Raw Material (Incl. Commission on imports & Vas Chgs)	91,991,655	55,339,813
Less Closing Stock	40,565,841	—
	<u>51,425,814</u>	<u>74,278,858</u>
<b>SCHEDULE '11'</b>		
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>		
Salary	1,289,738	2,302,358
Staff welfare Expenses	326,173	479,816
	<u>1,615,910</u>	<u>2,782,174</u>
<b>SCHEDULE '12'</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Stores, spares and tools consumption	59,709	112,176
Power and electricity	53,536	71,500
Communication expenses	49,466	92,377
Printing and stationery	7,820	51,679
Travelling and conveyance expenses	286,540	417,472
clearing & forwarding charges on import & export	174,264	213,385
Rent, rates and taxes	507,297	560,896
Repairs and maintenance:	37,027	68,493
Computer software charges	2,809	10,280
Insurance charges	73,118	38,262
Motor car expenses	43,020	50,730
Legal and Professional Expenses	76,160	33,545
Bank charges	29,003	29,108
Miscellaneous expenses (included visa work permit )	22,383	31,193
Water Charges	13,021	38,919
Security charges	79,297	99,601
Grading Charges	962,555	—
Directors Remuneration	—	3,000
	<u>2,477,024</u>	<u>1,922,616</u>
<b>SCHEDULE '13'</b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Sales promotion expenses	8,500	6,270
Courier Charges	377	2,611
	<u>8,877</u>	<u>8,881</u>
<b>SCHEDULE '14'</b>		
<b>INTEREST EXPENDITURE (NET)</b>		
Interest expenditure	6,190	4,676
Interest on Unsecured Loan	785,883	—
	<u>792,073</u>	<u>4,676</u>

## REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts for the year ended 31st March, 2010.

### PRINCIPAL ACTIVITIES

During the year, the principal activity of the company was engaged in importing and wholesale of diamonds. There was no significant change of principal activity during the year.

### ACCOUNTS

Accounts to show the result for the year and the state of affairs at 31st March, 2010 are set out on pages 5 to 12.

### PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment during the year are set out in Note 5 to the accounts.

### SHARE CAPITAL

Movements of Share Capital during the year are set out in Note 4 to the accounts.

### DIVIDEND

No dividend has been made or recommended for the year under report.

### DIRECTORS

The directors of the Company during the year were:

Mr. Rajiv Mafatlal Somani  
Mr. Ashish Rameshkumar Goenka

All directors retire from office and being eligible offer themselves for re-election.

### RESERVE

No transfer to reserve has been made or proposed for the year.

### INTEREST IN CONTRACTS

Particulars of loans to companies controlled by the directors and related party transactions are set out in Notes 8 and 11 to the financial statements.

Apart from the foregoing, no contracts of significance to which the Company was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### AUDITORS

The accounts have been audited by Messrs. Simon Chong & Company, Certified Public Accountants, who retire and being eligible offer themselves for reappointment.

By order of the Board

Director

Hong Kong, 7th May, 2010

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUASHISH DIAMONDS (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Suashish Diamonds (Hong Kong) Limited set out on pages 5 to 12 which comprise the balance sheet as at 31st March, 2010 and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In addition, section 141D of the Companies Ordinance requires that the Balance Sheet together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN900 "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the SME-FRS. In addition, in our opinion the Balance Sheet together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st March, 2008 according to the best of our information and explanations given to us and as show by the books of the Company.

### REPORT ON OTHER MATTERS UNDER SECTION 141D OF THE HONG KONG COMPANIES ORDINANCE

We report that we have obtained all the information and explanation which we have required.

SIMON CHONG & COMPANY  
Certified Public Accountants (Practising)

Hong Kong, 7th May, 2010  
SC/251-10 (USD)

## Suashish Diamonds (Hong Kong) Limited

### BALANCE SHEET AS AT 31ST MARCH, 2010

(Expressed in US dollars)

	31/3/2010 USD	31/3/2009 USD
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment - Note 5	1,032,215	1,085,696
Investment - Note 3	140,305	140,305
<b>CURRENT ASSETS</b>		
Deposits paid	5,668	8,481
Inventories in trade - Note 6	2,490,732	1,852,015
Trade debtors	2,358,503	7,556,924
Sundry debtors	177,713	235,722
Amt. due from related co - Note 8	2,549,703	2,923,747
Cash at bank	77,911	446,469
Cash on hand	3	19
Prepayment	624	27,838
	<u>7,660,858</u>	<u>13,051,215</u>
<b>CURRENT LIABILITIES</b>		
Accrued expenses	2,820	1,410
Trade creditors	2,701,036	487,905
Sundry creditors	27,153	8,909
Amt. due to holding co. - Note 8	1,625,171	3,630,690
Amt. due to related co. - Note 8	160,599	93,590
Loan & advance - Note 8	140,000	140,000
Bank Loan - Note 7	5,341	5,740,893
	<u>4,662,120</u>	<u>10,103,397</u>
<b>NET CURRENT ASSETS</b>	<u>2,998,738</u>	<u>2,947,818</u>
<b>NON-CURRENT LIABILITIES</b>		
Bank Loan - Note 7	111,980	114,801
<b>NET ASSETS</b>	<u>4,059,278</u>	<u>4,059,018</u>
<b>CAPITAL AND RESERVE</b>		
Share capital - Note 4	3,700,000	3,700,000
Retained profits	359,278	359,018
	<u>4,059,278</u>	<u>4,059,018</u>

Approved by the board of directors on 7th May, 2010  
and signed on its behalf by

**Rajiv M. Somani**  
Director

### INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Expressed in US dollars)

	31/3/2010 USD	31/3/2009 USD
Sales	26,844,138	44,248,004
Less: Cost of Sales - Note 10	<u>26,327,568</u>	<u>43,461,460</u>
Gross profit	516,570	786,544
Add: Interest Income	17	279
Sundry income	36,179	26,719
Exchange Gain	9,571	—
	<u>562,336</u>	<u>813,542</u>
Less: Administrative and General Expenses		
Auditors' remuneration	1,410	1,410
Bank charges & interest	132,747	579,364
Business registration fee	314	58
Bad debts	—	6,823
Clearing & forwarding	18,715	3,211
Depreciation	54,402	49,560
Director's quarter fee	44,614	99,996
Staff quarter fee	1,209	76,743
Entertainment	910	2,708
Electricity & water	3,382	3,858
Exhibition	16,881	27,236
Exchange losses	—	54,922
Insurance	27,856	118,556
Legal & professional fee	30,061	2,720
Mandatory provident fund	6,590	12,607
Office expenses	7,099	31,009
Printing & stationery	890	1,545
Repair & maintenance	3,390	2,395
Rent, rates & management fee	3,922	3,546
Salary	194,263	340,832
Sundry expenses	3,046	5,443
Telephone	5,875	8,675
Travelling - local	4,500	10,208
- overseas	—	2,209
	<u>562,076</u>	<u>1,445,632</u>
Net profit / (loss) for the year	260	(632,090)
Retained profits brought forward	359,017	991,107
Retained profits carried forward	<u>359,278</u>	<u>359,018</u>

**NOTES TO THE ACCOUNTS**

**1. Reporting Entity**

Suashish Diamonds (Hong Kong) Limited is a Company incorporated in Hong Kong with limited liability.

The Company's registration office is located at Unit 4, 12/F., Guard Force Centre, 3 Hok Yuen Street East, Hunghom, Kowloon.

The principal activity of the Company was engaged in importing and wholesale of Diamonds.

**2. Principal Accounting Policies**

The Company qualifies under the Companies Ordinance to prepare and present its Financial Statements in accordance with Section 141D of that Ordinance. The Company's Shareholders have unanimously agreed in writing to apply Section 141D with respect to the Company's Financial Statements for the year ended 31st March, 2010.

These financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The measurement base adopted is the historical cost, accrual and going concern basis.

The following are the specific accounting policies that are necessary for a proper understanding of the Financial Statements:

**(a) Plant and Equipment**

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Furniture & fixtures	20%
Office equipment	20%
Land & building	2.5%

**(b) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer.

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable accrued on a time proportion basis on the principal outstanding and at the rate applicable.

**(c) Foreign Currencies**

Transactions arising in foreign currencies during the year are converted at exchange rates ruling at the transaction dates. Monetary balances in foreign currency at the year end are translated at rates of exchange ruling at the Balance Sheet date. All exchange differences are dealt with in the income statement.

**(d) Taxation**

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

**(e) Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the first-in, first out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any further costs expected to be incurred to completion and disposal.

**(f) Related Company**

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

**3. Investment**

	Principal activities	Place of incorp./ registration	Effective equity interest
Suashish Diamonds (Shanghai) Ltd.	Trading of Diamonds	Shanghai, China	100%
Share value at cost			USD 140,305.03
Less: Devaluation loss in investment			USD 0.00
			<u>USD 140,305.03</u>

**4. Share Capital**

	31/03/2010	31/03/2009
Authorised, Issued and Fully paid:		
3,700,000 Ordinary Shares of US \$1.00 each	US\$3,700,000	US\$3,700,000
During the year under review, there was no change in the share capital.		

**5. Property, Plant and Equipment**

	Land & Building	Furniture & fixtures	Office equipment	Total
Cost				
Balance b/f	USD 1,106,201.71	USD 150,629.88	USD 20,955.70	USD 1,277,787.29
<b>Addition</b>	<u>USD 0.00</u>	<u>USD 487.03</u>	<u>USD 434.60</u>	<u>USD 921.63</u>
At 31/03/2010	<u>USD 1,106,201.71</u>	<u>USD 151,116.91</u>	<u>USD 21,390.30</u>	<u>USD 1,278,708.92</u>
Accumulated Depreciation				
Balance b/f	USD 74,583.39	USD 96,552.47	USD 20,955.70	USD 192,091.56
<b>Charge for the year</b>	<u>USD 27,655.08</u>	<u>USD 26,659.92</u>	<u>USD 86.92</u>	<u>USD 54,401.92</u>
At 31/03/2010	<u>USD 102,238.47</u>	<u>USD 123,212.39</u>	<u>USD 21,042.62</u>	<u>USD 246,493.48</u>
Net Book Value				
<b>At 31/03/2010</b>	<u>USD 1,003,963.24</u>	<u>USD 27,904.52</u>	<u>USD 347.68</u>	<u>USD 1,032,215.44</u>
At 31/03/2009	<u>USD 1,031,618.32</u>	<u>USD 54,077.41</u>	<u>USD 0.00</u>	<u>USD 1,085,695.73</u>

**6. Inventories**

	31/03/2010	31/03/2009
Finished goods	USD 2,490,732.39	USD 1,852,015.28

**7. Bank Loan**

**I. Bank Loan at floating interest rate from Bank of china (HK) Limited secured by mortgaged as the followings :**

	31/03/2010	31/03/2009
Bank loan repayable :		
within one year	USD 5,341.45	USD 7,861.54
in the second year	USD 5,402.23	USD 15,723.08
in the third to fifth years, inclusive	USD 16,894.87	USD 23,584.62
over five years	<u>USD 89,682.98</u>	<u>USD 75,493.75</u>
	<u>USD 117,321.53</u>	<u>USD 122,662.99</u>
Portion classified as current liabilities	<u>USD 5,341.45</u>	<u>USD 7,861.54</u>
Long term portion	<u>USD 111,980.08</u>	<u>USD 114,801.45</u>

## Suashish Diamonds (Hong Kong) Limited

### 8. (a) Supplement Information Required Under HK Companies Ordinance

Details of amounts due from/(to) Director and related Companies disclosed pursuant to Section 161B of the Companies Ordinance are as follows:

	Balance at 31/03/2009	Max Amt. O/S During year	Balance at 31/03/2010
Suashish Diamonds Limited	(USD 3,630,689.93)	(USD 1,625,171.27)	(USD 1,625,171.27)
Suashish Diamonds Shanghai Limited	USD 10,006.34	USD 10,006.34	USD 10,006.34
Suashish Jewellery Ltd.	USD 734.00	USD 734.00	USD 0.00
Suashish Jewels	(USD 93,590.46)	(USD 93,590.46)	(USD 160,598.00)
Suashish Diamonds Ltd. Surat	USD 2,913,740.92	USD 2,913,740.92	USD 2,539,696.00

The amount due was interest free, unsecured and repayable on demand.

#### Loan & Advance

Details of amounts due to Director and related Companies disclosed pursuant to Section 161B of the Companies Ordinance are as follows:

	Balance at 31/03/2009	Max Amt. O/S During year	Balance at 31/03/2010
Suashish Diamonds Shanghai Limited	USD 140,000.00	USD 140,000.00	USD 140,000.00

### 9. Remuneration of Directors

Directors' emoluments disclosed under Section 161 of the Companies Ordinance are as follows:-

	31/03/2010	31/03/2009
Fees	USD 0.00	USD 0.00
Managerial salaries	USD 55,382.46	USD 48,567.29
Director's Quarter Fee	USD 44,613.60	USD 99,996.00
	<u>USD 99,996.06</u>	<u>USD 148,563.29</u>

### 10. Cost of Sales

	31/03/2010	31/03/2009
Opening stocks	USD 1,852,015.28	USD 8,839,887
Purchases	USD 26,931,927.15	USD 36,185,072
Commission paid	USD 22,321.66	USD 52,762
Sales discount	USD 12,036.61	USD 208,203
C.O. & declaration	USD 0.00	USD 24,421
Sub contracting fee	USD 0.00	USD 3,130
Less: Closing stocks	(USD 2,490,732.39)	(USD 1,852,015)
	<u>USD 26,327,568.31</u>	<u>USD 43,461,460</u>

### 11. Related Party Transaction

The Company had the following significant transactions with related parties conducted on normal commercial terms as provided to third parties in the ordinary and usual course of business during the year.

	31/03/2010	31/03/2009
Purchases of Polished Diamonds from Suashish Diamonds Limited	USD 25,872,969.60	USD 23,681,423.90
Purchase of Jewellery from Suashish Diamonds Limited - (Jewels Division)	USD 67,007.73	USD 117,845.10
Sales of Polished Diamonds to Suashish Diamonds Limited-Surat	USD 20,403,114.59	USD 11,013,789.51

#### Note:-

- Suashish Diamonds Limited is the ultimate holding Company of the Company.
- Suashish Diamonds Limited (Jewels division) & suashish diamonds Limited - Surat are the subsidiaries of suashish Diamonds Limited, India which is the ultimate holding company of the group.

### 12. Ultimate Holding Company

The Directors consider that the ultimate holding Company of Suashish Diamonds (Hong Kong) Limited is Suashish Diamonds Limited, incorporated in India.

### 13. Change in Equity

	Share capital	Retained earnings	Total
Balance as at 31/03/2009	USD 3,700,000.00	USD 359,017.54	USD 4,059,017.54
Profit after taxation for the year	USD 0.00	USD 260.31	USD 260.31
Balance as at 31/03/2010	USD 3,700,000.00	USD 359,277.85	USD 4,059,277.85

### 14. Taxation

No Provision for Profit tax is made in the accounts as the allowable losses brought forward exceed the estimated assessable profits for the year.

### 15. Banking facilities and pledged Assets

As at balance sheet date, the company's credit facilities were secured by :

- mortgages over all the company's land & buildings at Flat C, 11/F., Blk 1, Wing Fat Mansion, 52 Wing Kwong Street, Kln., Hong kong.
- personal guarantees given by director - Mr. Rajiv M Somani of the company.

### 16. Application of Section 141D of the Companies Ordinance

All shareholders have agreed in writing that Section 141D of the Companies Ordinance apply with respect to the year under report.

## DIRECTORS' REPORT

### To the Shareholders

The Board of Directors of Suashish Diamonds (Shanghai) Limited submit their Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

### Currency

All figures in the accounts are in Renminbi and has been denoted as 'RMB'.

### Share Capital

The Paid-up Share Capital as at year-end was RMB 1,655,300 (Previous Year RMB 1,655,300).

### Business Activity

There was sales of Polished Diamonds during the year 2010. The Net Loss incurred during the year was RMB 1,784 (Previous Year RMB 216,881).

### Dividend

No Dividend was declared for the year ended 31<sup>st</sup> March, 2010.

### Auditors

The Accounts have been audited by Shanghai Hongda XinYu, Certified Public Accountants.

By Order of the Board

Director

## AUDITORS' REPORT

We have audited the attached identified financial statement of Suashish Diamonds (Shanghai) Ltd (the Company), comprising the balance sheet as at 31 March 2010 and the income statement and cash flow statement of owners equity for the financial year ended 31 March 2010, thereto.

1. The responsibility of Company's management to the financial statements it is the responsibility of the company's management to prepare the financial statements in accordance with the Accounting Standards for Business Enterprises and the related Accounting System. The responsibility comprises: (1) Designing , complementing and maintaining the internal controls relevant to the preparation of financial statements to free from material misstatements resulted by fraud or error; (2) Choosing and applying appropriate accounting policies; (3) Making reasonable accounting estimate.

### 2. The responsibility of the Certified Public Accountants

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the Auditing Standards of PRC on Certified Public Accountant. Those standards require that we observe professional ethics, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing the audit procedure to obtain evidences supporting the amounts and disclosure in the financial statements. The chosen audit procedure are depend on Certified Public Accountants' Judgments, which comprise the risk evaluation of material misstatements, resulted by fraud or error. During the risk evaluation, we consider internal controls related to the financial statements preparation to design appropriate audit procedures, and the purpose is not to express an opinion on the validity of internal controls. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

### 3. Audit opinion

In our opinion , the financial statements for SUASHISH Diamonds (Shanghai) Ltd have been prepared in conformity with the requirement of the Accounting Standard for Business Enterprises and the related Accounting System and present fairly, in all material respects, the financial position of the Company as of 31 March 2010 and operation result and cash flow for the financial year 2010.

### Appendixes:

1. Balance Sheet of SUASHISH Diamonds (Shanghai) Ltd. As on March 31, 2010.
2. Profit statement of SUASHISH Diamonds (shanghai) Ltd. As on March 31,2010
3. Annotations for 2010's Accounting Statements of SUASHISH DIAMONDS (SHANGHAI) LTD.

Shanghai HongdaXinYu  
Certified Public Accountants

Shanghai;China  
Room 302, Red Building, 106 Huangpu Road  
Apr 21, 2010



## Suashish Diamonds (Shanghai) Limited

### BALANCE SHEET AS OF MARCH 31, 2010

	31.03.2010 RMB	31.03.2009 RMB		31.03.2010 RMB	31.03.2009 RMB
<b>Assets</b>			<b>Current Liabilities</b>		
Current Assets			Short Term Loans		
Cash	3,673	4,561			
Accounts Receivable	956,011	956,907	Other-Payable	102,562	102,562
Other-Receiveable	35,106	35,106			
Loans and Advances	—	—			
Long term Investments during within one year					
<b>Total Current Assets</b>	<b>994,791</b>	996,575	<b>TOTAL CURRENT LIABILITIES</b>	<b>102,562</b>	102,562
			<b>TOTAL LIABILITIES</b>	<b>102,562</b>	102,562
<b>Fixed Assets</b>			OWNERS EQUITY		
Long period cost			Paid up Capital	1,655,300	1,655,300
TOTAL INTANGIBLE			Translation Reserve		
ASSETS AND OTHER ASSETS:			Undistributed profits	(763,071)	(761,287)
			<b>TOTAL OWNER'S EQUITY</b>	<b>892,229</b>	894,013
			TOTAL LIABILITIES AND		
<b>TOTAL ASSETS</b>	<b>994,791</b>	996,575	OWNERS - EQUITY	<b>994,791</b>	996,575

### INCOME STATEMENT AS AT 31ST MARCH 2010

	2010 RMB	2009 RMB
Sales	—	1,022,712
Including Export Sales		
Cost of Goods Sold	—	1,158,710
Net Sales	—	(135,998)
General and Administrative Exp.	0	14,318
Financial Exp.	1,784	66,565
Operating Income	(1,784)	(216,881)
Income Before Tax	(1,784)	(216,881)
Less Income Tax	—	—
<b>NET INCOME</b>	<b>(1,784)</b>	(216,881)

**Notes to the Financial Statement as at 31 March 2010**

**Unit: RMB/Yuan**

**I. Brief introduction of the company**

Suashish Diamonds (Shanghai) Ltd (“the company”) is a wholly foreign-owned enterprises established by SUASHISH Diamonds (HK) Ltd. The company obtained the business license (310115400144264) on Mar 2004. The registered address: Room G001, 4 Floor No.88 century Avenue, Shanghai. The registered capital is USD 200,000.00. Legal representative: SOMANI RAJIV MAFATLAL

Business scope: Import-export trading of diamonds through the Customs of Shanghai Diamonds Trading Market ( including entrepot trade and processing trade); Bargaining in Shanghai Diamonds Trading Market (Not including the Gold and Silver) (Including entrepot trade and processing trade)

**II. Major accounting policies and accounting estimates**

**1. Accounting Standard and accounting systems**

The Company in the preparation of the financial statements confirms to the Accounting Standards for Business Enterprises and the Accounting Regulation for Business Enterprises.

**2. Accounting year**

The accounting year of the company is from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.

**3. Basis of preparation and measurement basis**

The Company takes an accrual basis for accounting basis, historical cost for pricing principles. Assets are recorded based on actual costs.

**4. Reporting currency & Translation of foreign currencies**

The Company’s reporting currency is RMB.

Foreign currency transactions during the year are translated into Renminbi at the exchange rates quoted by the People’s bank of China and other exchange rates recognized by the State ruling on the first day of the month in which the transactions take place. Monetary Assets and Liabilities denominated in foreign currencies are translated into Renmibi at the exchange rates quoted by the People’s Bank of China and other exchange rates quote by the State ruling at the Balance Sheet date. Exchange gains and losses on foreign currency translation are dealt with in the income statement.

**5. Account receivable bad debt losses recognized standard**

**(1) Account receivable bad debt losses recognized standard**

Because of bankrupt or death of debtors, accounts receivable that still cannot be unredeemable even though discharging with bankrupt assets and bequest.

Accounts receivable, overdue more than three years, is obvious that cannot be unredeemed and is approved by the Board confirming as bad debts.

**(2) Accounting method is used for loss on bad debit**

The provision for bad debt losses is estimated by management based on individual accounts receivable, which shows signs of incollectibility and an ageing analysis. Provision for other receivables is determined based on their specific nature and managements estimates of their collectability

**6. Inventory accounting**

The inventories are the actual cost when purchase. Low value consumables are amortized in full when received for use.

**7. Fixed assets valuation and depreciation method**

**(1) The standard of fixed assets**

Fixed assets are assets with comparatively high unit values held by the Company for use in the supply of services and for administrative purpose. They are expected to be used for more than one year.

**(2) Classification of the fixed assets**

Fixed assets include machinery, electronics, transportation equipment, office equipments operating leasing assets and etc.

**(3) Pricing method of fixed assets**

Fixed assets were initially recorded at historical cost.

**(4) Method of depreciation of fixed assets**

Straight line depreciation method used , in accordance with the historical cost of all types of fixed assets after deducting estimated residual value, determined by expected life span of the depreciation rate. Life of all fixed assets, depreciation rate and residual rates are as follows

Item	Estimated useful life (year)	Residual Rate	Annual Depreciation
Machinery	5year	10%	18%
Electronic Equipment	5year	10%	18%

**(5) Confirmation standards and provision method of the decline in value of fixed assets.**

**8. Amortization and valuation method of intangible assets**

**(1) Intangible assets are carried in the balance sheet at cost. The cost of the intangible assets is amortized on a straight-line basis over their estimated useful lives.**

**(2) Amortization of long-term differed expenses**

Amortization of improvement of rented fixed-assets, is based on the shorter period between leasing period and workable period of rented fixed-assets

**9. Revenue recognition principle**

**(1) Merchandise sales revenue**

The company has transfer the main risks and reward of the ownership of the goods to the buyer, the company no longer has the right to manage the implementation of the goods and actual control, so the corresponding economic interest flow to the enterprise; and related revenue cost can be reliably measured and confirm the realization of the sale of the goods.

**(2) Revenue for providing labor services**

The labor that is finished in the same fiscal year confirms revenue when it is finished; in the labor begins and finishes in different fiscal year, in the circumstances of provision of services transaction result to be reliable estimated, at the balance sheet date, according to the percentage, corresponding labor revenues are confirmed.

**10. Accounting methods for income tax**

Income tax is recognized when payable under the tax payable method

**11. Allocation of profit**

In accordance with the Company Law and the Articles of Association, the Company is required to transfer at least 10% of its profits after to the reserve fund.

= Major taxes

Type of Taxes	Rate of taxes
Value-added tax	17%
Enterprise income tax	20%

= Financial statements Notes

<b>1. Monetary fund</b>	<b>March 31,2010</b>	<b>March 31,2009</b>
Cash	0.00	0.00
Bank Deposit	3,673.35	4,561.37
<b>Total</b>	<b>3,673.35</b>	<b>4,561.37</b>
<b>2. Account receivable &amp; bad debt provision</b>	<b>March 31,2010</b>	<b>March31,2009</b>
Accounts receivable	956,011.16	956,907.22
Less : Bad debt provision	0.00	0.00
<b>Total</b>	<b>956,011.16</b>	<b>956,907.22</b>
<b>3. Other receivable and bad debt provision</b>	<b>March 31,2010</b>	<b>March 31,2009</b>
Other receivables	35,106.47	35,106.47
Less-: Bad debt provision	0.00	0.00
<b>Total</b>	<b>35,106.47</b>	<b>35,106.47</b>

## Suashish Diamonds (Shanghai) Limited

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4. Other payable	<b>March 31,2010</b>	<b>March 31,2009</b>
	102,561.77	102,561.77
<b>Total</b>	<b>102,561.77</b>	<b>102,561.77</b>

Including: affiliated enterprises and other payable with big amount

Name of the customer	Contents	Amount	Notes
Suashish Diamonds (HK) Ltd		102,561.77	

### 5. Paid-Up Capital

	Amount in	Amount in	Amount	Amount
	Originally %	RMB	Originally %	RMB
	Currency	Equivalent	Currency	Equivalent

Suashish Diamonds(HK) Ltd	2,00,000.00	100%	1,655,300.00	100%	2,00,000.00	100%	1,655,300.00
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Ltd

<b>Total</b>	<b>2,00,000.00</b>	<b>100%</b>	<b>1,655,300.00</b>	<b>100%</b>	<b>2,00,000.00</b>	<b>100%</b>	<b>1,655,300.00</b>
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Shenzhou Certified Public Accountants have verified the above capital contribution, and issued related capital verification report

6. Undistributed Profit	<b>March, 31,2010</b>	<b>March, 31,2009</b>
Beginning balance	(761,286.71)	(544,405.57)
Add:- Net profit	(1,784.08)	(216,881.14)
Less:- General reserve fund	0.00	0.00
<b>Ending balance</b>	<b>(763,070.79)</b>	<b>(761,286.71)</b>

7. Financial Expenses	<b>March, 31,2010</b>	<b>March, 31,2009</b>
Interest expenditure	0.00	0.00
Less: Interest income	2.02	23.08
Foreign Exchange loss	890.00	65,807.82
Less: foreign Exchange income	0.00	0.00
Bank Service Charges	896.10	780.00
<b>Total</b>	<b>1,784.08</b>	<b>66,564.74</b>

**DIRECTORS' REPORT**

**To the Shareholders**

The Board of Directors of Suashish Jewels Inc. have pleasure in submitting their Report together with the Audited Accounts for the year ended 31st March, 2010

**Currency**

All figures in the accounts are in US Dollars and has been denoted as 'USD'.

**Share Capital**

The Paid-up Share Capital as at year end was USD 210,000 (Previous Year USD 210,000).

**Business Activity**

The Company earned a Net Income of USD 43,822 for the year under review as against a Net Income of USD 30,257 incurred during the Previous Year.

**Dividend**

No Dividend was declared for the year ended 31st March, 2010.

**Auditors**

The Accounts have been audited by H. P. Patel & Company Chartered Accountants.

By Order of the Board

**Kuldip Singh Lallie**  
Director

Date : 30th June, 2010

**COMPILATION REPORT**

To  
The Board of Directors  
**SUASHISH JEWELS, Inc.**  
Irving, Texas

June 30, 2010

Subject: Compilation Report-April 2009 to March 2010.

I have compiled the accompanying Balance Sheet of SUASHISH JEWELS, Inc. a Texas entity functioning as a Corporation, as of March 31, 2010, and the related Profit & Loss A/c for twelve (12) months-April 2009 to March 2010- then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The Financial Statements have been prepared on the basis of accounting used by the Company for Federal Income Tax basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of Financial Statements information that is the representation of management. I have not audited or reviewed the accompanying Financial Statements and, accordingly, do not express an opinion or any other form of assurance on them.

Respectfully Submitted:

For **H.P. Patel & Co.**  
Chartered Accountant

**H.P. Patel**  
Proprietor  
M.No. 112058

Date : 30th June 2010

## Suashish Jewels Inc.

### BALANCE SHEET AS ON 31ST MARCH 2010

PARTICULARS	SCH.	31.03.2010	31.03.2009
		\$	
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Capital Stock	1	290,586	290,586
Reserves and surplus	2	166,589	122,767
		<u>457,175</u>	<u>413,353</u>
<b>Loan Funds</b>			
Unsecured loans	3	—	—
<b>TOTAL FUNDS EMPLOYED</b>		<u>457,175</u>	<u>413,353</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross Block	4	101,200	99,314
Less: Depreciation		100,020	88,504
Net block		<u>1,180</u>	<u>10,809</u>
<b>Current assets, loans and advances</b>			
Inventories	5	3,712,291	3,727,599
Sundry debtors		3,780,070	2,679,538
Cash and bank balances		109,547	89,230
Other current assets		7,530	12,875
<b>Total 'A'</b>		<u>7,609,437</u>	<u>6,509,243</u>
<b>Less : Current liabilities and provisions</b>			
Current liabilities	6	7,153,442	6,106,699
<b>Total 'B'</b>		<u>7,153,442</u>	<u>6,106,699</u>
<b>Net current assets (A - B)</b>		<u>455,995</u>	<u>402,544</u>
<b>TOTAL FUNDS UTILISED</b>		<u>457,175</u>	<u>413,353</u>

#### Significant accounting Policies and Notes

On behalf of the Board of Directors

Directors

Dated: 30th June, 2010

As per our report of even date attached

For **H.P. Patel & Co.**  
Chartered accountant

**(H.P. Patel)**  
Proprietor  
Membership no. 112058  
Firm reg no.: 122606W

Dated: 30th June 2010

### PROFIT AND LOSS A/C FOR THE PERIOD 01ST APRIL 2009 TO 31ST MARCH 2010

PARTICULARS	SCH.	31.03.2010	31.03.2009
		\$	
<b>INCOME</b>			
Sales and income from operations	8	20,930,476	15,421,220
Other income	9	148,566	1,070,412
		<u>21,079,043</u>	<u>16,491,632</u>
<b>EXPENDITURE</b>			
Cost of materials	10	20,044,703	15,774,988
Employees' remuneration and benefits	11	157,944	184,661
Manufacturing and other expenses	12	290,722	297,320
Selling and distribution expenses	13	530,335	206,461
Interest	14	0	0
Depreciation	4	11,516	13,493
		<u>21,035,220</u>	<u>16,476,923</u>
<b>PROFIT</b>			
<b>Profit for the year</b>		<b>43,822</b>	14,710
Prior Period Adjustment (Income)		0	15,547
Balance brought forward from previous year		122,767	92,511
<b>Surplus available for appropriation</b>		<u>166,590</u>	<u>122,767</u>
<b>Balance carried to Balance Sheet</b>		<u>166,590</u>	<u>122,767</u>
<b>Significant accounting Policies and Notes</b>			
	7		

On behalf of the Board of Directors

Directors

Dated: 30th June, 2010

As per our report of even date attached

For **H.P. Patel & Co.**  
Chartered accountant

**(H.P. Patel)**  
Proprietor  
Membership no. 112058  
Firm reg no.: 122606W  
Dated: 30th June 2010

**SCHEDULES TO BALANCE SHEET**

PARTICULARS	31.03.2010	31.03.2009
		\$
<b>SCHEDULE '1'</b>		
<b>SHARE CAPITAL</b>		
<b>Issued, subscribed and paid-up</b>		
Capital Stock	210,000	210,000
Additional Paid In Capital	80,586	80,586
	<u>290,586</u>	<u>290,586</u>

**SCHEDULE '2'**

**RESERVES AND SURPLUS**

As per last Balance Sheet	122,767	92,511
Add: Transferred from profit and loss a/c	43,822	30,257
	<u>166,589</u>	<u>122,767</u>

**SCHEDULE '3'**

**UNSECURED LOANS**

	0	0
	<u>0</u>	<u>0</u>

**SCHEDULE '04' – FIXED ASSETS**

SR.NO.	DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
		AS AT 01.04.2009 (US \$)	ADDITIONS (US \$)	AS AT 31.03.2010 (US \$)	UPTO 01.04.2009 (US \$)	FOR THE YEAR (US \$)	UPTO 31.03.2010 (US \$)	AS AT 31.03.2009 (US \$)	AS AT 31.03.2010 (US \$)
1	Furnitures and Fixtures	82,632.32	1,261.10	83,893.42	72,944.66	10,213.11	83,157.77	9,687.66	735.65
2	Lease Improvements	16,681.42	0.00	16,681.42	15,559.76	1,121.66	16,681.42	1,121.66	0.00
3	Office Equipment	0.00	625.60	625.60	0.00	181.30	181.30	0.00	444.30
	<b>TOTAL</b>	<b>99,313.74</b>	<b>1,886.70</b>	<b>101,200.44</b>	<b>88,504.42</b>	<b>11,516.07</b>	<b>100,020.49</b>	<b>10,809.32</b>	<b>1,179.95</b>

**SCHEDULE '5'**

**CURRENT ASSETS, LOANS AND ADVANCES**

**CURRENT ASSETS**

**Inventories**

Inventories	3,712,291	3,727,599
	<u>3,712,291</u>	<u>3,727,599</u>

**Sundry debtors**

	3,780,070	2,679,538
	<u>3,780,070</u>	<u>2,679,538</u>

**Cash and bank balances**

Cash balance on hand	859	451
Bank balance	108,688	88,779
	<u>109,547</u>	<u>89,230</u>

**LOANS AND ADVANCES**

Deposits	1,744	1,744
Other Assets	1,909	1,909
Prepaid expenses	3,877	9,223
	<u>7,530</u>	<u>12,875</u>

**SCHEDULE '6'**

**CURRENT LIABILITIES**

Sundry creditors	7,112,594	6,091,243
Outstanding Expenses	21,629	11,149
Tax Payable	19,219	4,307
	<u>7,153,442</u>	<u>6,106,699</u>

**Schedule 7**

**ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**

**1. Significant accounting policies:**

**a) System of accounting:**

- These accounts are prepared on historical cost basis and on the accounting principle of going concern basis.
- The Company is generally accounting on accrual basis.

**b) Revenue recognition:**

Revenue from Export sales is recognized when delivery of goods is physically given to Customs authorities.

**c) Fixed Assets:**

Fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

**d) Depreciation:**

The Company has been charging depreciation on written down value method.

**e) Inventories:**

**Finished Goods** – Polished Diamonds are valued at the lower of estimated cost as certified by Directors or Net Realizable value.

**2) Related Party Transactions:**

The Company has in its normal course of business entered in to transaction with parties who have substantial influence on the affairs of the company. These transactions are on arm length basis and at generally acceptance market value.

The related parties with whom the transactions have been carried out during the year 2010 are as under.

**Suashish Diamonds Ltd. (Holding Company)**

Sales to Suashish Diamonds Ltd.	USD	NIL
Purchase from Suashish Diamonds Ltd.	USD	NIL
A/C's Receivable as on 31.03.2010	USD	NIL
A/c' s Payable as on 31.03.2010	USD	NIL

**Suashish Jewels. (A Division of Suashish Diamonds Ltd - Holding Company)**

Sales to Suashish Jewels.	USD	6,977.01
Purchase from Suashish Jewels	USD	3,266,647.79
A/C's Receivable as on 31.03.2010	USD	NIL
A/c's Payable as on 31.03.2010	USD	(595,753.68)

**Suashish Diamonds (Hongkong) Ltd. (By Virtue of being subsidiary company of Suashish Diamonds Ltd.)**

Sales to Suashish Diamonds (Hongkong) Ltd.	USD	NIL
Purchase from Suashish Diamonds (Hongkong) Ltd.	USD	NIL
A/C's Receivable as on 31.03.2010	USD	NIL
A/c's Payable as on 31.03.2010	USD	NIL

## Suashish Jewels Inc.

### Suashish Diamonds Ltd. (Surat Branch Office) (A Division of Suashish Diamonds Ltd - Holding Company)

Sales to SDL Surat Branch Office.	USD	1,747,610.72
Purchase from SDL Surat Brach Office.	USD	NIL
A/C's Receivable as on 31.03.2010	USD	49,571.49
A/c's Payable as on 31.03.2010	USD	NIL

### Suashish Jewellery India Ltd. (Seepz)

Sales to SJIL (Seepz) Office.	USD	3,045,235.13
Purchase from SJIL (Seepz) Office.	USD	12,266,208.61
A/C's Receivable as on 31.03.2010	USD	1,923,298.47
A/C's Payable as on 31.03.2010	USD	7,310,667.65

### 3) Lease Commitments:

The Company has entered in to Lease Commitment for the Office and the Guest house.

The details are given as below:

OFFICE	As at 31.03.2010 USD	As at 31.03.2009 USD
Not Later than One year:	36,188.00	42,375.00
Later than One year and not later than five years	40,688.00	7,125.00
Later than Five Years:	—	—
GUEST HOUSE:	As at 31.03.2010 USD	As at 31.03.2009 USD
Not Later than One year	11,892.00	12,276.00
Later than One year and not later than five years:	2,973.00	—
Later than Five Years:	—	—

Signature to Schedules '1' to '14'

As per our report of even date attached

On behalf of the Board of Directors

For **H.P. Patel & Co.**  
Chartered Accountant

**(H.P. Patel)**  
Proprietor  
Membership No. 112058  
Firm Reg. No.: 122606W

(Directors)

Mumbai, Dated: 30<sup>th</sup> June, 2010

Mumbai, Dated: 30<sup>th</sup> June, 2010

### SCHEDULE TO PROFIT AND LOSS ACCOUNT

PARTICULARS	31.03.2010	31.03.2009
		\$
<b>SCHEDULE '8'</b>		
<b>SALES AND INCOME FROM OPERATIONS</b>		
Sales - Cut & Polished Diamonds	1,818,803	5,278,575
Sales - Jewellery	19,314,474	10,540,602
Sales - Gold	607,022	1,352,698
Sales - Jewellery Auction	25,343	91,883
Sales - Jewellery ( Sample Sales )	110,487	240,895
Sales - Chain	54,016	206,675
Sales - Return / Adjustments	(999,669)	(2,290,108)
	<u>20,930,476</u>	<u>15,421,220</u>

### SCHEDULE '9'

#### OTHER INCOME

Freight Income	6,553	5,012
Sales - Jewellery Repair Charges	142,014	193,985
Sales - Diamond Repair Charges	—	871,413
Interest Received	—	2
	<u>148,566</u>	<u>1,070,412</u>

### SCHEDULE '10'

#### COST OF MATERIALS CONSUMED

COGS - Jewellery	19,236,963	15,311,839
COGS - Freight in / Out	115,390	83,104
COGS - CustomDuty/Brokerage Fees	653,646	310,313
COGS - Certification Charges	38,704	69,731
	<u>20,044,703</u>	<u>15,774,988</u>

### SCHEDULE '11'

#### EMPLOYEES' REMUNERATION AND BENEFITS

Salary & Wages	157,944	184,661
	<u>157,944</u>	<u>184,661</u>

### SCHEDULE '12'

#### MANUFACTURING AND OTHER EXPENSES

Power and electricity	2,770	1,481
Communication expenses	8,914	10,487
Printing and stationery	1,039	2,613
Accounting & Office Expenses	25,311	13,008
Meals & Entertainment	4,105	4,129
Rent, rates and taxes	60,018	58,433
Repairs and maintenance:	15,341	17,133
Auto Lease	4,980	4,440
Travelling Charges	10,091	4,244
Designing Charges	—	1,715
Taxes (Payroll Tax, Sales Tax, Property Tax, Franchise Tax & Corporate Tax)	33,844	31,181
Insurance charges	20,332	23,569
Motor car expenses	5,368	4,160
Legal and Professional Expenses	27,423	3,869
Bank charges	3,215	1,893
Water/Garbage/Sewer Charges	1,438	1,219
Subscription & Membership	—	360
Miscellaneous expenses	1,086	1,240
QA Charges	18,468	48,422
Vendor Portal Charges	15,000	7,500
Volume Incentive Charges	19,080	24,912
Refining Charges	12,901	29,451
Amortization Expense - Org Costs	—	1,861
	<u>290,722</u>	<u>297,320</u>

### SCHEDULE '13'

#### SELLING AND DISTRIBUTION EXPENSES

Discount/ Marketing Charges	332,092	58,133
Marketing charges	112,686	117,308
Selling and Distribution Expense	74,424	26,853
Advertising/Marketing/Promotion Expenses	11,134	4,167
	<u>530,335</u>	<u>206,461</u>

### SCHEDULE '14'

#### INTEREST EXPENDITURE (NET)

	—	—
	—	—
	<u>—</u>	<u>—</u>

# SUASHISH DIAMONDS LTD.

**Registered Office :** Mehta Mahal, 11<sup>th</sup> Floor, 15, Mathew Road, Opera House, Mumbai-400 004

## ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL (Joint Shareholders may obtain additional attendance slips on request).

Full Name of the Members/Joint Holders/Proxy attending the meeting : \_\_\_\_\_

I hereby record my presence at the 22<sup>nd</sup> Annual General Meeting of the Company at Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6<sup>th</sup> Floor, 12, K. Dubhash Marg, Fort Mumbai - 400 001 on Wednesday, the 29<sup>th</sup> day of September, 2010 at 11.00 a.m.

DP/Client I.D. No. ....

Ledger Folio No. ....

No. of Shares held .....

\_\_\_\_\_  
Member/Proxy Signature

Note: Persons attending the Meeting are requested to bring this Attendance Slip and Annual Report with them.

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

# SUASHISH DIAMONDS LTD.

**Registered Office :** Mehta Mahal, 11<sup>th</sup> Floor, 15, Mathew Road, Opera House, Mumbai-400 004

## PROXY FORM

I/We ..... of being a member/members of

Suashish Diamonds Ltd. hereby appoint ..... of ..... or

failing him / her ..... of ..... as my / our proxy to vote for me / us

on my / our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company to be held at Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6<sup>th</sup> Floor, 12, K. Dubhash Marg, Fort Mumbai - 400 001 on Wednesday, the 29<sup>th</sup> day of September, 2010 at 11.00 a.m. and at any adjournment thereof.

on \_\_\_\_\_, \_\_\_\_\_, 2010.

Signed this ..... day of ..... 2010.

DP/Client I.D. No. ....

Ledger Folio No. ....

No. of Shares held .....

\_\_\_\_\_  
Signature(s) of the Shareholder(s)

Please  
affix  
15 Paise  
Revenue  
Stamp

### Notes:

- Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
- A Member entitled to attend and vote at this Meeting is entitled to appoint a proxy and the Proxy need not be a Member.





**suashish**

**Regd. Office :** Suashish Diamonds Limited, 11th Floor, Mehta Mahal,  
15, Mathew Road, Opera House, Mumbai - 400 004. India. **Website:** [www.suashish.com](http://www.suashish.com)