



23RD ANNUAL REPORT 2010-11

Suashish Diamonds Limited

GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. Ashish R. Goenka	Chairman & Managing Director
Mr. Rajeshkumar R. Kedia	Whole-time Director
Mr. Pawan Bagla	Executive 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.
Bank of Baroda
Central Bank of India
Corporation Bank
Indian Overseas Bank
Societe Generale
Standard Chartered Bank
Union Bank of India

REGISTERED OFFICE

11th 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, 3rd 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 Third Annual General Meeting of the Members of **SUASHISH DIAMONDS LIMITED** will be held at Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6th Floor, 12, K. Dubhash Marg, Fort Mumbai – 400 001 on Thursday, the 29th day of September, 2011 at 11.00 a.m. to transact the following business:

Ordinary Business:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, 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. Rajeshkumar R. Kedia, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Shailesh S. Vaidya, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) 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:

- 5) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

Appointment of Mr. Pawankumar Bagla as a Director of the Company

“RESOLVED THAT Mr. Pawankumar Bagla, who was appointed as an Additional Director of the Company with effect from 3rd November, 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.”

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

Appointment of Mr. Pawankumar Bagla as an Executive Director and approval of Remuneration payable to him

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and any amendments made thereto from time to time and subject to the approval of the Members of the Company in the forthcoming Annual General Meeting of the Company, Mr. Pawankumar Bagla be and is hereby appointed as an Executive Director of the Company for a period of three years with effect from 3rd November, 2010 on the following terms of remuneration:

Gross Salary Per month : ₹ 100,000/- (in the Salary Grade of ₹ 100,000/- to ₹ 300,000/- per month)

Provident Fund : Contribution to Provident fund as per the rules of the Company

Gratuity : As per the rules of the Company

Super Annuation : As per the rules of the Company

Medical Reimbursement : ₹ 1250/- per month.

Leave Encashment : As per the rules of the Company

Housing : House Rent Allowance not exceeding 50% of Basic Salary

The Company shall provide a Car with driver. The maintenance cost of the car shall be borne by the Company and fuel expenses shall be reimbursed on actual. A telephone shall also be provided for official use.

The Annual Increments shall be as may be decided by the Remuneration Committee of Directors/ the Board of Directors.”

“RESOLVED FURTHER THAT wherein any financial year, during the currency of his tenure as an Executive Director, the Company has no profits or its profits are inadequate, the Company shall pay the aforesaid remuneration by way of Salary, Perquisites as minimum remuneration.”

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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 Friday, 23rd September, 2011 to Thursday, 29th September, 2011 (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, 3rd 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, 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 26th 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 (Abridged Financial Statements), is sent to the members along with the Abridged 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.
- 9) Ministry of Corporate Affairs (MCA), Govt. of India, has recently, through its Circular Nos. 17/ 2011 and 18/ 2011 dated 21st April, 2011 and 29th April, 2011, respectively has allowed companies to send official documents to their shareholders electronically, as part of its green initiatives in corporate governance.

In order to keep the spirit of the Circular issued by the MCA, we henceforth propose to send documents like Notice convening the General Meetings, Financial Statements, Directors' Report, Auditors' Report etc. to the email address provided by you with your depositories.

We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you. You may update the email address either by writing to the Company at its Registered Office Address or by email at investorgrievance@suashish.com.

By Order of the Board

Srikant Mohan
Company Secretary

Registered Office:

Mehta Mahal, 11th Floor
15, Mathew Road
Opera House
Mumbai – 400 004

Mumbai, 5th July, 2011

Suashish Diamonds Limited

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. 5 AND 6 OF THE NOTICE DATED 5TH JULY 2011

Item No. 5 and 6

Mr. Pawankumar Bagla was appointed by the Board of Directors as an Additional Director of the Company with effect from 3rd November, 2010, in terms of Section 260 of the Companies Act, 1956. Mr. Bagla had also been appointed as an Executive Director of the Company for a period of three years with effect from 3rd November, 2010, subject to the approval of shareholders at the ensuing Annual General Meeting. The above appointment if made will be within the limits specified under Schedule XIII of the Companies Act, 1956.

Mr. Pawankumar Bagla is a Chartered Accountant by qualification and has versatile experience of 21 years in different industries in the Finance and General Management. Mr. Bagla holds the 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. Pawankumar Bagla 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. Pawankumar Bagla will be of immense value to the Company. Your Directors, therefore, recommends the Resolutions under item No. 5 and 6 for your approval.

An abstract as required under Section 302 of the Companies Act, 1956 was already provided to all the Members separately in the month of November, 2010.

None of the Directors except Mr. Pawankumar Bagla is concerned or interested in the said resolution.

By Order of the Board

Srikant Mohan
Company Secretary

Registered Office:

Mehta Mahal, 11th Floor
15, Mathew Road
Opera House
Mumbai – 400 004

Mumbai, 5th July, 2011

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	Pawankumar Bagla
Date of Birth	31 st August, 1958
Date of Appointment	3 rd November, 2010
Qualification	B.Com. (Hons.)/ C.A.(Chartered Accountant)
Expertise	Mr. Pawankumar Bagla has versatile experience of 21 years in different industries in the Finance and General Management
Directorship of other Companies	Suashish Diamdeal (India) Limited
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Nil

Name of the Director	Rajeshkumar R. Kedia
Date of Birth	27 th December, 1955
Date of Appointment	11 th February, 1999
Qualification	B.Com
Expertise	Vast knowledge and experience in Diamond Industry
Directorship of other Companies	1. Suashish Diamdeal (India) Limited 2. Suashish Finance Limited 3. Suashish Jewelry India Limited
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Nil

Name of the Director	Shailesh S. Vaidya
Date of Birth	3 rd November, 1957
Date of Appointment	09 th March, 2006
Qualification	B.Com., LL.B., Solicitor
Expertise	Practicing Advocate and Solicitor. Specialises in Property and Company Law Matters
Directorship of other Companies	1. Dwarikesh Sugar Industries Limited 2. Prabhukripa Overseas Limited 3. C. Mahendra Exports Limited 4. Welspun Steel Limited 5. Welspun Investments and Commercials Limited 6. Orbit Corporation Limited 7. Siyaram Silk Mills Limited 8. Avighna India Limited 9. Allied Digital Services Limited 10. Gold Crest Finance (India) Limited 11. Welspun Projects Limited
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Audit Committee 1. Allied Digital Services Limited 2. C. Mahendra Exports Limited 3. Dwarikesh Sugar Industries Limited 4. Gold Crest Finance (India) Limited 5. Welspun Projects Limited 6. Welspun Investments & Commercials Limited Shareholder's Grievance Committee 1. Welspun Projects Limited

Directors' Report

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Accounts for the year ended 31st March, 2011.

Financial Results

	2010 -11	(₹ in million) 2009-10
Sales and other income	10935.86	13317.05
Operating profit before interest and depreciation	810.70	921.80
Less : Depreciation	26.88	27.30
Profit / (Loss) before exceptional item & tax	783.81	894.51
Less: Exceptional items:		
Loss on sale of a Subsidiary (Long Term Investment)	17.63	—
Profit / (Loss) after exceptional item and before taxation	766.18	894.51
Less: Current Tax	160.00	139.85
Deferred Tax (Benefit) / Expenses	(14.48)	74.97
Mat Credit Entitlement	—	(24.40)
Wealth-tax	0.12	0.10
Profit / (Loss) after tax	620.54	703.99
Prior year tax adjustment	(1.96)	(5.17)
Balance brought forward from the previous year	2508.29	1809.47
Balance carried to Balance Sheet	3126.86	2508.29
Earnings per share (in ₹)	29.89	33.91

DIVIDEND

Keeping in mind the need to conserve resources, your Directors do not recommended any dividend for the year ended 31st March, 2011.

INCORPORATION OF A NEW SUBSIDIARY IN CANADA

Suashish Jewels Canada Inc. (SJC), a Wholly owned subsidiary of the Company was incorporated on 10th February, 2011 in Canada with an initial paid up capital of CAD 5,000. This was subsequently increased to CAD 120,000. SJC is engaged in the business of wholesale diamond/ jewellery imports and sales.

AMALGAMATION OF SUASHISH JEWELRY INDIA LTD. (SJIL)

At the meeting held on 5th July, 2011, the Board of Directors of the Company approved the proposal for amalgamation of SJIL, a Wholly-owned subsidiary of the Company, with the Company. The "Appointed Date" has been fixed as 1st April, 2011. The amalgamation is subject to all necessary statutory/ regulatory approvals.

DISINVESTMENT IN SUASHISH STAR INC.

The Company disinvested its holdings in Suashish Star Inc. for a total consideration of USD 10,000. Suashish Star Inc. (SSI) had become inoperative and had a negative net worth. As such, there was no return expected from the investments and hence decided to disinvest.

SUBSIDIARY COMPANIES

The Consolidated accounts include the duly audited statement of accounts of Subsidiary Companies of Suashish Diamonds Limited.

The following Companies are the Subsidiaries 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 Suashish Jewels Canada Inc. Canada.

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.

The Ministry of Corporate Affairs, Government of India vide Circular no. 2/2011 dated February 8, 2011 has provided an exemption subject to certain conditions to holding companies from complying with the provisions of Section 212 of the Act which requires the attaching of the Balance Sheet, Profit & Loss Account and other documents of its subsidiary companies to its Balance Sheet and provided such Companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2010-11 does not contain the financial statements of our subsidiaries, where applicable, will be made available on request. These documents will also be available for inspection during business hours at our registered office.

FIXED DEPOSITS

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

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.

DIRECTORS

Mr. Rajeshkumar R. Kedia and Mr. Shailesh Vaidya retires by rotation at the ensuing Annual General Meeting and offers themselves for re-appointment.

Mr. Pawankumar Bagla who was appointed as an Additional Director with effect from 3rd November, 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. Pawankumar Bagla for the office of the Director of the Company. Mr. Bagla was also appointed as an Executive Director on the said date, subject to approval of the Members

Mr. Ashish R. Goenka was appointed as Chairman of the Company with effect from 7th June, 2011 and accordingly re-designated as Chairman and Managing Director.

Mr. Rameshkumar S. Goenka and Mr. Ashokkumar Dugade resigned from the Board of Directors w.e.f. 07.06.2011 and 05.07.2011 respectively. The Board of Directors placed on record their appreciation for the valuable contribution made by them during their tenures with the Company.

Information on the Directors seeking their appointment/re-appointment is annexed to the Notice calling the Annual General Meeting, pursuant to the requirement of Clause 49 of the Listing Agreement.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (i) that in the preparation of the Annual Accounts for the year ended 31st March, 2011; 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 31st March, 2011 and of the profit or Loss of the Company for the year ended 31st March, 2011;
- (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 31st March, 2011 have been prepared on a going concern basis.

Suashish Diamonds Limited

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

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

CORPORATE GOVERNANCE

As required under 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 31st March, 2011 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.

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 and Diamond Trading Company (DTC) for their continued support and co-operation.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 5th July, 2011

Ashish R. Goenka
Chairman &
Managing 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

	2010-11	(₹ in million) 2009-10
Earnings in Foreign Exchange	7000.41	10440.36
Expenditure in Foreign Exchange	8210.13	10268.39

For and on behalf of the Board of Directors

Place: Mumbai
Date: 5th July, 2011

Ashish R. Goenka
Chairman &
Managing 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 Exchange in this regard. The Chairman of the Board forms part of the Promoter Group. As such 50% of the Board should be Independent Directors Mr. Pawankumar Bagla and Mr. Ashok Kumar Dugade were appointed on the Board of the Company as Additional Directors with effect from 3rd November, 2010. Mr. Rameshkumar Goenka resigned as a Chairman and Non-Executive Director of the Company with effect from 7th June, 2011 and Mr. Ashok Kumar Dugade resigned with effect from 5th July, 2011.

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 ¹	No. of Board Committees held in other Public Limited Companies as a Member/ Chairman ¹
Rameshkumar Goenka ³ (Chairman)	Non-Executive, Promoter	Nil	No	Nil	Nil
Ashish R. Goenka (Chairman & Managing Director)	Executive, Promoter	4	No	3	Nil
Rajeshkumar R. Kedia	Executive	5	Yes	3	Nil
Pawankumar Bagla ² (Brief profile of Mr. Bagla is provided elsewhere in this Report)	Executive	1	NA	1	Nil
Kamal R. Gupta	Non-Executive, Independent	5	Yes	Nil	Nil
Shailesh S. Vaidya	Non-Executive, Independent	5	Yes	11	6
Nilesh Mehta	Non-Executive, Independent	3	No	2	2
Ashok Kumar Dugade ^{2,3}	Non-Executive, Independent	2	NA	1	Nil

¹ Excludes directorships held in Foreign companies, Private Ltd. companies and companies under Section 25 of the Companies Act, 1956.

² Appointed w.e.f. 03/11/2010.

³ Mr. Rameshkumar Goenka ceased to be a Director w.e.f. 07/06/2011 and Mr. Ashok Dugade ceased to be a Director w.e.f. 05/07/2011.

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

14th May, 2010; 1st July, 2010; 10th August, 2010; 3rd November, 2010 and 11th February, 2011.

3. Audit Committee

The Audit Committee presently comprises of Mr. Kamal R. Gupta, Non-Executive and Independent Director, Mr. Rajeshkumar Kedia, Executive Director and 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. Srikant Mohan, Company Secretary is the Secretary of the Audit Committee.

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.

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

14th May, 2010; 10th August, 2010; 3rd November, 2010 and 11th February, 2011.

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

Name of the Director	No. of Meetings attended
Kamal R. Gupta	4
Shailesh S. Vaidya	4
Rajeshkumar Kedia	4

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 27th 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 Directors, to determine and advise the Board on the appointment and payment of remuneration and / or annual increment to the Managing Director and Whole-time Directors.

Remuneration and terms of appointment of Directors

Details of remuneration paid / payable to Directors for the year ended 31st March, 2011 and their terms of appointment are as under:

Remuneration of Directors

Name of the Directors	Category	Salary (₹)	Provident Fund Contribution	Commission	Sitting Fees	Total
Mr. Rameshkumar S. Goenka	Non-Executive, Promoter	—	—	—	—	—
Mr. Ashish R. Goenka	Executive, Promoter	4,800,000	—	8,700,000	—	13,500,000
Mr. Rajeshkumar R. Kedia	Executive	260,976	21,600	—	—	282,576
Mr. Pawankumar Bagla	Executive	566,500	33,000	—	—	599,500
Mr. Kamal R. Gupta	Non-Executive, Independent	—	—	—	50,000	50,000
Mr. Shailesh S. Vaidya	Non-Executive, Independent	—	—	—	50,000	50,000
Mr. Nilesh Mehta	Non-Executive, Independent	—	—	—	30,000	30,000
Mr. Ashokkumar Dugade	Non-Executive, Independent	—	—	—	20,000	20,000
Total		5,627,476	54,600	8,700,000	150,000	14,532,076

5. Related Party Transactions

Transactions with related parties are disclosed in Note No. 19 of Schedule 17 to the Financial Statements.

Suashish Diamonds Limited

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	3	3
Rajeshkumar R. Kedia	Executive	Member	3	3
Shailesh S. Vaidya	Non-Executive; Independent	Member	3	3

Mr. Rajeshkumar R. Kedia, Whole-time Director is the Compliance Officer of the Company of the Shareholders' / Investors Grievance Committee.

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 31st March, 2011, no shares were pending for transfer for more than 15 days.

Details of Investors' Complaints received during the period from 1st April, 2010 to 31st March, 2011 were as follows:

Type of Complaint	Inward	Outward	Pending
Non-Receipt of Shares after Transfer	4	4	0
Non-Receipt of Dividend Warrants	7	7	0
Non-Receipt of Certificates	2	2	0
Demat/Remat Queries	2	2	0
Letter form SEBI	0	0	0
Total	15	15	0

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
2009-2010	Wednesday, 29 th September, 2010	11:00 a.m.	Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6th Floor, 12, K. Dubhash Marg, Fort Mumbai – 400 001	No
2008-2009	Wednesday, 30 th September, 2009	11.30 a.m.	Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6th Floor, 12, K. Dubhash Marg, Fort Mumbai – 400 001	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 th September, 2008	4.30 p.m.	Indian Merchants' Chamber, (Kilachand Conference Room) IMC Building, 2 nd floor, Churchgate, Mumbai-400 020	No

During the year, one Special resolution was conducted through Postal Ballot, pursuant to Section 149(2A) of the Companies Act, 1956, for Commencement of business activity as specified in the clauses 42 and 75 of the Objects Clause III (C) of the Memorandum of Association of the Company. The said resolution was passed with requisite majority on 11th January, 2011. None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through Postal Ballot.

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 for 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 behavior, 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.
- 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) **23rd Annual General Meeting**

Date	29 th September, 2011
Time	11:00 a.m.
Venue	Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6th Floor, 12, K. Dubhash Marg, Fort Mumbai – 400 001
- b) **Financial Year** April, 2011 to March, 2012
- c) **Financial Calendar**

Results for quarter ending June 30, 2011	By end of 15 th Aug, 2011
Results for quarter ending Sept 30, 2011	By end of 15 th Nov, 2011
Results for quarter ending Dec 31, 2011	By end of 15 th Feb, 2011
Results for quarter ending Mar 31, 2012	By end of 15 th May, 2012
- d) **Date of Book Closure**

Friday, 23 rd September, 2011 to
Thursday, 29 th September, 2011 (Both Days Inclusive)
- e) **Registered Office**

Mehta Mahal, 11 th Floor
15, Mathew Road, Opera House
Mumbai – 400 004
- f) **Listing of Equity Shares on Stock Exchange**

Bombay Stock Exchange Limited

- g) (i) **ISIN allotted to Equity Shares** INE658A01017

(ii) Bombay Stock Exchange, Limited, Mumbai, Scrip Code	526733
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- h) **Registrar and Share Transfer Agent**

M/s. Sharepro Services (India) Private Limited
Satam Industrial Estate, 3 rd 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

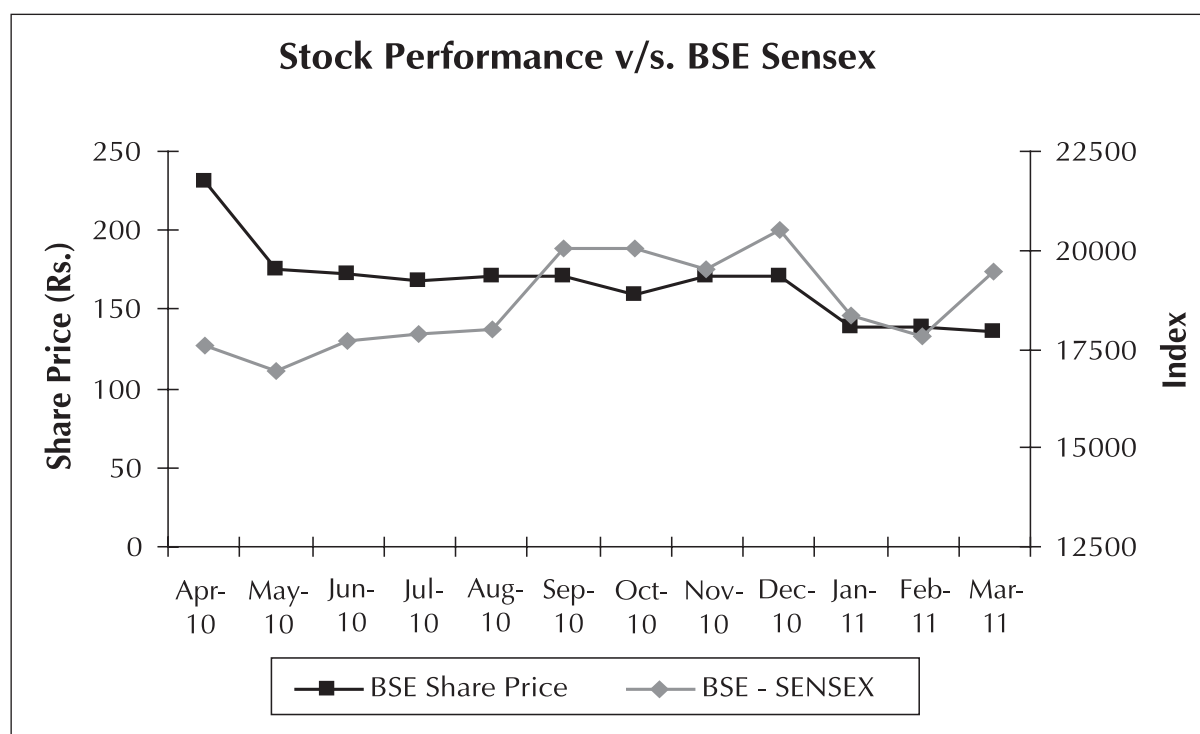
Suashish Diamonds Limited

- i) **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 dematerialized mode, the transfer takes place instantaneously between the transferor, transferee and the depository participant through electronic debit/credit of the accounts involved.
- j) **Dematerialisation of shares** As on 31st March, 2011, 20702198 shares (99.71% of the total no. of shares) is in dematerialized form. The Company's shares are compulsorily traded in dematerialized form.

k) **Market price data (BSE)**

Month	High (₹)	Low (₹)	Volume (No. of Shares)
April, 2010	295.00	227.10	499,636
May, 2010	294.50	174.95	2,120,776
June, 2010	183.80	168.85	298,513
July, 2010	182.00	166.00	99,743
August, 2010	193.90	165.30	190,948
September, 2010	183.50	168.00	102,137
October, 2010	177.80	159.05	79,890
November, 2010	230.00	150.00	1,038,247
December, 2010	183.30	138.10	175,729
January, 2011	179.90	130.00	132,942
February, 2011	157.00	131.00	44,705
March, 2011	164.75	132.25	314,475

11. Stock Performance v/s. BSE Sensex



a) Distribution of Shareholding as on 31st March, 2011:

Shareholding	No. of Shareholders	Percentage	No. of Shares held	Percentage
Less than 500	2,453	88.365	267,902	1.290
501 – 1,000	134	4.827	98,486	0.474
1,001 – 2,000	78	2.810	109,623	0.528
2,001 – 3,000	20	0.720	48,564	0.234
3,001 – 4,000	13	0.468	45,122	0.217
4,001 – 5,000	10	0.360	47,032	0.227
5,001 – 10,000	24	0.865	167,547	0.807
10,001 and above	44	1.585	19,979,024	96.223
	2,776	100.00	20,763,300	100.00

b) Shareholding Pattern as on 31st March, 2011:

Category Code	Partly paid-up shares	Number of partly paid up shares	As a % of total number of partly paid up shares	As a % of total number of shares of the Company
	Held by Promoter/Promoter group	NIL	NIL	NIL
	Held by Public	NIL	NIL	NIL
	Total	NIL	NIL	NIL
	Outstanding Convertible Securities	Number of outstanding Securities	As a % of total No. of outstanding Con. Securities	As a % of total No of shares of the company, assuming full conversion of thesecurities
	Held by Promoter/Promoter group	NIL	NIL	NIL
	Held by Public	NIL	NIL	NIL
	Total	NIL	NIL	NIL
	Warrants	Number of warrants	As a % of total number of warrants	As a % of total No of shares of the company, assuming full conversion of the Warrants
	Held by Promoter/Promoter group	NIL	NIL	NIL
	Held by Public	NIL	NIL	NIL
	Total	NIL	NIL	NIL
	Total paid up capital of the Company, assuming full conversion of warrants and convertible securities			

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)
(A)	Shareholding of Promoter and Promoter Group²					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	8	4899000	4899000	23.59	23.59
(b)	Central Government/ State Government(s)	—	—	—	—	—
(c)	Bodies Corporate	10	13669800	13669800	65.84	65.84
(d)	Financial Institutions/ Banks	—	—	—	—	—
(e)	Any Other (specify)	—	—	—	—	—
	Sub-Total (A)(1)	18	18568800	18568800	89.43	89.43
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	—	—	—	—	—
(b)	Bodies Corporate	—	—	—	—	—
(c)	Institutions	—	—	—	—	—
(d)	Any Other (specify)	—	—	—	—	—
	Sub-Total (A)(2)	—	—	—	—	—
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	18	18568800	18568800	89.43	89.43
(B)	Public Shareholding³					
(1)	Institutions					
(a)	Mutual Funds/ UTI	5	706390	706290	3.40	3.40
(b)	Financial Institutions/ Banks	—	—	—	—	—
(c)	Central Government/ State Government(s)	—	—	—	—	—
(d)	Venture Capital Funds	—	—	—	—	—
(e)	Insurance Companies	—	—	—	—	—
(f)	Foreign Institutional Investors	—	—	—	—	—
(g)	Foreign Venture Capital Investors	—	—	—	—	—
	Sub-Total (B)(1)	5	706390	706290	3.40	3.40

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)
(2)	Non-institutions					
(a)	Bodies Corporate	193	516501	513900	2.49	2.49
(b)	Individuals -					
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	2523	616880	558479	2.98	2.98
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	13	340991	340991	1.64	1.64
(c)	Any Other (specify)					
	Overseas Corporate Bodies	—	—	—	—	—
	Non-Resident Individuals (Rep)	22	9053	9053	0.04	0.04
	Non-Resident Individuals (Non-Rep)	2	4685	4685	0.02	0.02
	Trust	—	—	—	—	—
	Sub-Total (B)(2)	2753	1488110	1427108	7.17	7.17
	Total Public Shareholding (B)= (B)(1)+(B)(2)	2758	2194500	2133398	10.57	10.57
	TOTAL (A)+(B)	2776	20763300	20702198	100	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0
	1. Promoter and Promoter Group	—	—	—	—	—
	2. Public	—	—	—	—	—
	GRAND TOTAL (A)+(B)+(C)	2776	20763300	20702198	100	100

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	Ashish R. Goenka***	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
	TOTAL	1,85,68,800	89.43

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

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

*** Mr. Ashish R. Goenka as Partner of Prudent Investments, Partnership Firm

(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	Deutsche Trustee Services (India) Pvt. Ltd. A/C DWS Money Plus Advantage Fund	370864	1.79
2	Deutsche Trustee Services (India) Pvt. Ltd. A/C DWS Twin Advantage Fund	248121	1.20
	TOTAL	618985	2.99

(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	—	—
	TOTAL	—	—

(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	—	—	—
	TOTAL	—	—	—

(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 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	—	—	—
	TOTAL	—	—	—

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 31st March, 2011.

For **Suashish Diamonds Limited**

Ashish R. Goenka
Chairman &
Managing Director

Mumbai, 5th July, 2011

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 31st March, 2011 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
Chairman &
Managing Director

Prashant Kumar De
Chief Financial Officer

Mumbai, 5th July, 2011

Suashish Diamonds Limited

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.

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. 4100

Mumbai, Dated: 5 July 2011

Management Discussion & Analysis

General Performance Review

Amidst the financial volatility world over, the Indian economy registered a growth of 8.5 percent in 2010–11. The growth has been broad based with a rebound in the agriculture sector. The manufacturing sector has also registered impressive gains. However food inflation, higher commodity prices and volatility in global commodity markets have been a cause of concern underscoring the need of fiscal consolidation and stronger reserves.

The key risks to growth in India in the current year 2011 -12 are the negative impact of continuous tightening of monetary policy by the Reserve Bank of India and a slowdown in global growth due to high international oil and commodity prices.

India's merchandise exports rose an annual 37.5% to USD 246 billion in the fiscal year ended in March 2011, as demand soared for engineering goods, oil products and textiles. However, the signs in the economy suggest that it is a weak recovery since the financial slowdown in 2008.

Industry Structure and Development:

Gems and jewellery exports recorded 47% growth in value terms, during the Financial Year 2010-2011. The Cut and Polished Diamond exports, which was the driving force, registered an increase of 55% for the year ended March, 2011, while gold jewellery exports increased by 33%.

The gems and jewellery sector, in turn, contributed nearly 17% to India's total merchandise exports (Source: www.gjepc.org). Cut & Polished Diamonds accounted for 65.49% of the total exports baskets with Gold Jewellery accounting for 29.86%. After plunging on falling demand during the slowdown, diamond prices have risen over 50% in financial year 2010-11, while rough diamond prices have surpassed pre-crises levels. Going forward, the European market still appears mired in depressed demand, while the sustainability of the nascent US demand is yet to be seen.

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.

EXPORTS & IMPORTS:

Trading in the diamond market increased during the year under review. Exports of Cut and Polished diamonds increased from \$18.24 billion (₹ 86,095 crores) in 2009-10 to \$28.25 billion (₹ 128,671 crores) in 2010-11. The total imports in the Gems and Jewellery industry exhibited over all increase of 28.42 % to \$ 4.85 billion when compared to the previous year (\$3.77 billion in 2009-10). The import of Rough Diamonds increased by 38%. (Source: www.gjepc.org).

Company's Financial Performance

The company has recorded a gross sale of ₹ 1,058 Crores during the current accounting period ended 31st March, 2011 as against ₹ 1,263 Crores for the previous year.

The Profit Before Tax (PBT) for the current accounting period was ₹ 76.62 Crores (Profit of ₹ 89.45 Crores for year ended 31st March, 2010) and the Profit After Tax (PAT) of ₹ 62.05 Crores (Profit of ₹ 70.40 Crores for the year ended 31st March, 2010).

₹ in million

Particulars	2011	2010	2009	2007-08	
	12 Months	12 Months	12 Months	15 Months	Annualised
Sales	10581.97	12630.68	7524.75	12234.62	9787.70
Profit / (Loss) Before Tax	766.18	894.51	(648.96)	1205.32	964.25
Profit / (Loss) After Tax	620.54	703.99	(598.26)	828.21	662.56
Dividend*	—	—	—	38.93	31.14
EPS (₹)	29.89	33.91	-28.81	39.89	31.91

*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 other countries including 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

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.
- 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 and the US economy 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 are 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 has been committed to follow best corporate governance and ethical practices in the Industry and also 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 publicity 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 2011, 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 (hereinafter referred to as 'the Order') issued by Central Government of India in terms of section 227(4A) of the Companies Act, 1956, on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the 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 2011 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; 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 2011 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 2011;
 - ii. in the case of 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 of the Company 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: 5th July, 2011

**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 substantial part of its fixed assets.
- (ii) (a) According to information and explanations given to us, the inventory has been physically verified by the management during the year. 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 five companies during the current year. The maximum amount involved during the year was ₹ 217,413,786 and year end balance was ₹ 173,755,071.
- (b) In our opinion, other terms and conditions on which loans have been granted to companies are not, prima facie, prejudicial to the interest of the Company except that loans are interest free.
- (c) In our opinion and according to information and explanations given to us, in respect of loans 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 except for unsecured loan taken from a director, maximum amount involved during the year was ₹ 21,000,000 and year end balance was ₹ Nil.
- (f) According to information and explanation given to us, the loan taken was interest free and in our opinion other terms and conditions on which loans have been taken are prima facie, not prejudicial to the interest of the Company.
- (g) According to the information and explanation given to us, in respect of interest free loan taken as above, the prepayment of principal amount was regular during the year.
- (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 neither been informed nor we have 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 exceeding ₹ 500,000 in respect of any party during the year 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection funds, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess and other material statutory dues as applicable with the appropriate authorities. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.
- (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 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	Period to which it relates	Forum where dispute is pending
Sales Tax	1,656,656	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 and it has not incurred cash losses in the current and 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) According to the information and explanations given to us, and in our opinion, 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, 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) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the order are not applicable to the company.
- (xv) The Company has given guarantee for loan taken by subsidiary Company from bank. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are prima facie not prejudicial to the interest of the Company.
- (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 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) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such cases by the management.

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

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai, Dated: 5th July, 2011

Balance Sheet

As at 31 March, 2011

	Schedule	(₹)	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
SOURCES OF FUNDS				
Shareholders' funds				
Share capital	1	208,120,500	208,120,500	
Reserves and surplus	2	6,355,249,208	5,736,674,015	
			6,563,369,708	5,944,794,515
Loan funds				
Secured loans	3		9,279,119,269	10,870,490,939
Deferred tax liabilities (net)			13,730,220	28,206,682
Total funds employed			15,856,219,197	16,843,492,136
APPLICATION OF FUNDS				
Fixed assets				
Gross block	4	723,816,024	651,021,867	
Less : Depreciation		440,939,970	427,227,311	
Net block		282,876,054	223,794,556	
Add: Capital work-in-progress / advances to suppliers of fixed assets		2,579,759	80,788,702	
			285,455,813	304,583,258
Investments	5		4,159,705,740	2,355,197,308
Current assets, loans and advances				
Inventories	6	821,154,655	1,276,821,714	
Sundry debtors		719,667,015	946,194,290	
Cash and bank balances		9,313,178,555	11,426,570,555	
Other current assets		265,312,114	200,821,564	
Loans and advances		1,210,179,029	1,302,355,520	
		12,329,491,368	15,152,763,643	
Less : Current liabilities and provisions	7			
Current liabilities		490,509,518	681,960,310	
Provisions		427,924,206	287,091,763	
		918,433,724	969,052,073	
Net current assets			11,411,057,644	14,183,711,570
Total funds utilised			15,856,219,197	16,843,492,136
Accounting policies and notes forming part of the accounts	17			

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**
Chartered Accountants

Nirmal Jain

Partner

Membership No. 34709

Mumbai; Dated: 5 July 2011

On behalf of the Board of directors

Ashish R. Goenka

Pawan Bagla

Rajesh R. Kedia

Srikant Mohan

Mumbai; Dated: 5 July 2011

Chairman & Managing Director

Executive Director

Wholtime Director

Company Secretary

Profit and Loss Account

For the year ended 31 March, 2011

	Schedule	Current Year 2010-2011 (₹)	Previous Year 2009-2010 (₹)
INCOME			
Sales and income from operations	8	10,581,972,387	12,630,684,875
Income / (loss) from investments and financial instruments	9	340,812,178	617,438,455
Other income	10	27,045,171	19,854,685
Interest income (net)	11	(13,973,466)	49,069,248
Increase / (Decrease) in stocks	12	(420,879,958)	(662,798,994)
		<u>10,514,976,312</u>	<u>12,654,248,269</u>
EXPENDITURE			
Cost of materials	13	9,261,486,787	11,396,490,662
Employees' remuneration and benefits	14	65,469,200	57,910,509
Manufacturing and other expenses	15	267,721,777	213,328,552
Selling and distribution expenses	16	109,601,649	64,713,927
Depreciation / Amortisation	4	26,883,901	27,295,705
		<u>9,731,163,314</u>	<u>11,759,739,355</u>
PROFIT/(LOSS)			
Profit/(loss) before exceptional items		783,812,998	894,508,914
Exceptional items:			
— Loss on sale of investment in subsidiary company (Refer note 4 of Schedule '17')		<u>(17,633,750)</u>	<u>—</u>
		766,179,248	894,508,914
Profit/(loss) after exceptional items and before taxation			
Provision for taxation			
— Current tax		(160,000,000)	(139,850,000)
— Mat Credit Entitlement		—	24,396,570
— Deferred tax benefit / (expense)		<u>14,476,462</u>	<u>(74,969,250)</u>
		(145,523,538)	(190,422,680)
Provision for wealth tax		<u>(120,000)</u>	<u>(100,000)</u>
Profit/(loss) after taxation		620,535,710	703,986,234
Prior year tax adjustments (net)		(1,960,517)	(5,169,630)
Balance brought forward from previous period		2,508,287,947	1,809,471,343
Surplus available for appropriation		<u>3,126,863,140</u>	<u>2,508,287,947</u>
Balance carried to balance sheet		<u>3,126,863,140</u>	<u>2,508,287,947</u>
		<u>3,126,863,140</u>	<u>2,508,287,947</u>
Basic and diluted earnings/(loss) per share		29.89	33.91
Nominal value of equity shares		10.00	10.00
Accounting policies and notes forming part of the accounts	17		

As per our report of even date attached

On behalf of the Board of directors

For **SURESH SURANA & ASSOCIATES**
Chartered Accountants**Ashish R. Goenka**
Pawan Bagla
Rajesh R. Kedia
Srikant MohanChairman & Managing Director
Executive Director
Wholetime Director
Company Secretary**Nirmal Jain**

Partner

Membership No. 34709

Mumbai; Dated: 5 July 2011

Mumbai; Dated: 5 July 2011

Suashish Diamonds Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Current Year 2010-2011 (₹)	Previous Year 2009-2010 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax and exceptional items	783,812,998	894,508,914
Adjustments for:		
Depreciation/amortisation	26,883,901	27,295,705
Unrealised exchange difference (net)	142,478,505	68,904,548
Loss / (Profit) on sale of fixed assets (net)	(1,066,077)	282,218
Interest / dividend income received- Net	(60,923,164)	(88,900,929)
Operating profit before working capital changes	107,373,165	7,581,542
Changes in current assets and current liabilities		902,090,456
Trade and other receivables	378,261,716	(240,165,199)
Inventories	455,667,060	404,427,649
Trade payables and other trade liabilities	(175,105,125)	188,394,179
	658,823,651	352,656,629
Cash generated from/ (used in) operations	1,550,009,814	1,254,747,085
Direct taxes paid	(81,088,127)	(74,092,382)
	(81,088,127)	(74,092,382)
Net cash generated from / (used in) operating activities	1,468,921,687	1,180,654,703
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments made for purchase of fixed assets/capital expenditure	(8,272,543)	(1,991,907)
Sale of fixed assets	1,582,163	904,673
Changes in investments (net)	(1,822,142,182)	(457,232,335)
Loans granted / received back (net)	(570,870)	(53,709,816)
Interest and dividend income	125,877,748	115,964,835
Net cash generated from / (used in) investing activities	(1,703,525,684)	(396,064,550)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (decrease) in borrowings (net)	(1,728,345,766)	5,894,084,395
Interest received / (paid)	(150,482,202)	46,120,894
Fixed deposits placed (net)	1,609,477,345	(6,237,229,025)
Dividend on equity share capital	(797)	91,453
Net cash (used in) / generated from financing activities	(269,351,420)	(296,932,283)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(503,955,417)	487,657,870
Cash and cash equivalents - opening balance	510,957,818	23,299,948
Cash and cash equivalents - closing balance	7,002,401	510,957,818
Net increase/(decrease) as disclosed above	(503,955,417)	487,657,870
Cash and cash equivalents not available for use by the Company (balance in unclaimed dividend account)	479,817	480,614
Cash and cash equivalents closing balance comprise of:		
Cash and bank balances	7,116,815	511,031,470
Effect of exchange difference (Closing)	(49,288)	(65,126)
Effect of exchange difference (Opening)	(65,126)	(8,526)
	7,002,401	510,957,818

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: 5 July 2011

On behalf of the Board of directors

Ashish R. Goenka
Pawan Bagla
Rajesh R. Kedia
Srikant Mohan

Mumbai; Dated: 5 July 2011

Chairman & Managing Director
Executive Director
Wholtime Director
Company Secretary

Suashish Diamonds Limited

	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
25,000,000 (25,000,000) Equity Shares of ₹10 each	250,000,000	250,000,000
2,000,000 (2,000,000) Redeemable Cumulative Non-Convertible Preference Shares of ₹100 each	200,000,000	200,000,000
	<u>450,000,000</u>	<u>450,000,000</u>
Issued, subscribed and paid-up		
20,763,300 (as at 31 March 2010: 20,763,300) Equity shares of ₹10 each fully paid up (Of the above, 13,849,000 (as at 31 March 2010: 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>
SCHEDULE '2'		
RESERVES AND SURPLUS		
Securities premium account	1,063,168,000	1,063,168,000
General reserve	2,019,850,404	2,019,850,404
Credit risk reserve	145,367,664	145,367,664
Surplus as per profit and loss account	3,126,863,140	2,508,287,947
	<u>6,355,249,208</u>	<u>5,736,674,015</u>
SCHEDULE '3'		
SECURED LOANS		
Loans from banks:		
Working capital facilities	9,279,119,269	10,870,490,939
	<u>9,279,119,269</u>	<u>10,870,490,939</u>

(The foreign currency loans of ₹ 6,953,398,024 (as at 31 March 2010 ₹ 9,446,755,904) included in working capital facilities are secured against the fixed deposits of ₹ 7,715,875,000 (as at 31 March 2010 ₹ 10,348,600,660). 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 01/04/2010 (₹)	Additions/ (₹)	Deductions (₹)	As at 31/03/2011 (₹)	Upto 01/04/2010 (₹)	For the year (₹)	Deductions (₹)	Upto 31/03/2011 (₹)	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
Leaseholds land	845,000	—	—	845,000	105,625	42,250	—	147,875	697,125	739,375
Buildings	194,046,246	65,153,548	—	259,199,794	115,408,705	9,221,445	—	124,630,150	134,569,644	78,637,541
Plant and machinery	384,750,765	9,803,160	13,687,328	380,866,597	255,660,881	13,929,981	13,171,242	256,419,620	124,446,977	129,089,884
Furniture and fixtures	46,370,719	777,168	—	47,147,887	38,507,034	1,431,736	—	39,938,770	7,209,117	7,863,685
Vehicles	25,009,137	10,747,609	—	35,756,746	17,545,066	2,258,489	—	19,803,555	15,953,191	7,464,071
Total	651,021,867	86,481,485	13,687,328	723,816,024	427,227,311	26,883,901	13,171,242	440,939,970	282,876,054	223,794,556
Previous Year	652,081,947	2,545,162	3,605,242	651,021,867	402,349,957	27,295,705	2,418,351	427,227,311	223,794,556	

Notes:

- Gross block of vehicles includes ₹ 1,807,422 (as at 31/03/2010 ₹ 1,807,422) registered in the name of the employees.
- Gross block of plant and machinery includes ₹ 4,605,000 (as at 31/03/2010 ₹ 4,605,000) being Company's share in cost of assets whose ownership is not with the Company.
- Gross block of buildings include ₹ 9,789,000 (as at 31/03/2010 ₹ NIL) being cost of shares towards occupancy rights.

As at
31/03/2011
(₹)

As at
31/03/2010
(₹)

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

B. IN CAPITAL OF PARTNERSHIP FIRMS (SUBSIDIARY)

Goenka Trading Company	803,777,525	478,785,460
Mohinidevi Goenka Investments	58,708,201	29,187
M. G. Investments	311,933,924	—

C. OTHER THAN TRADE

Unquoted:

25,000 (25,000) Units of Kshitij Venture Capital Fund of ₹ 940 (₹ 1,000) each	23,500,000	25,000,000
15,000,000 (—) Units of ₹10 each of BIRLA SUNLIFE FIXED TERM PLAN - Series CO Growth	150,000,000	—
25,000,000 (—) Units of ₹10 each of KOTAK FMP SERIES 39 - Growth	250,000,000	—
5 (5) Shares of ₹ 50 each of New Ankur Co-operative Housing Society Ltd.	250	250
6,957,582.794 (5,497,224.936) Units of HDFC CM Treasury Advantage Plan - WD of ₹10 each	69,826,168	55,112,825

Suashish Diamonds Limited

	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
50(—) Non Convertible Debentures of ₹ 10,00,000 each of Kumar Urban Development Ltd.	51,125,000	—
21,038 (21,038) Equity shares of ₹10 each of Ananta Landmarks Pvt. Ltd.	210,380	210,380
4,995 (4,995) Preference shares of ₹1,000 each of Ananta Landmarks Pvt. Ltd.	4,995,000	4,995,000
822 (822) Preference shares of ₹1,000 each of Neo Pharma Pvt. Ltd.	822,000	822,000
12,558 (19,558) 0% Bond of National Bank for Agriculture And Rural Development (NABARD) of ₹20,000 each(maturity date - 01/02/2019)	114,307,436	174,776,104
2,328 (2,328) Equity shares of ₹5 each of Runwal Homes Pvt. Ltd.	3,348,330	3,348,330
146 (146) Equity shares of ₹101 each of Godrej Estate Developers Pvt. Ltd.	2,681,633	2,681,633
1,456 (662) Equity shares of ₹10 each of Godrej Sea View Properties Pvt. Ltd.	3,268,571	1,486,118
2,990 (2,990) Equity shares of ₹10 each of Nitesh Housing Developers Pvt. Ltd.	1,065,743	1,065,743
1,814 (1,814) Preference shares of ₹10 each of BCC Infrastructure Pvt. Ltd	18,140	18,140
604 (604) Equity shares of ₹10 each of BCC Infrastructure Pvt. Ltd.	6,040	6,040
561 (-) Equity shares of ₹10 each of Kunal Spaces Pvt. Ltd.	5,610	—
5,404 (-) Preference shares of ₹1 each of Ekta World Pvt. Ltd.	5,404	—
1,598 (1,598) Equity shares of ₹10 each of Total Environment Projects Pvt. Ltd.	15,980	15,980
639 (639) Equity shares of ₹10 each of VBHDC Bangalore Value Homes Pvt. Ltd.	6,390	6,390
280 (-) Equity shares of ₹10 each of VBHC Chennai Value Homes Pvt. Ltd.	2,800	—
263 (-) Equity shares of ₹10 each of VBHC Delhi Value Homes Pvt. Ltd.	2,630	—
36,958 (36,958) Debenture of ₹100 each of Total Environment Projects Pvt. Ltd.-I	3,695,800	3,695,800
28,613 (28,613) Debenture of ₹100 each of Total Environment Building Pvt. Ltd.-I	2,861,300	2,861,300
— (25,038) Debenture of ₹100 each of Kanakia Builders Pvt.	—	2,503,800
— (17,175) Debenture of ₹100 each of Total Environment Building Pvt. Ltd. -II	—	1,717,500
14,806 (14,806) Debenture of ₹100 each of Nitesh Housing Developers Pvt. Ltd. -II	1,480,600	1,480,600
18,007 (18,007) Debenture of ₹100 each of BCC Infrastructure Pvt. Ltd.	1,800,700	1,800,700
14,312 (14,312) Debenture of ₹100 each of Total Environment Building Pvt. Ltd.-III	1,431,200	1,431,200
15,551 (15,551) Debenture of ₹100 each of Ats Apartment Pvt. Ltd.-II	1,555,100	1,555,100
1,285 (1,285) Debenture of ₹1,000 each of Ariisto Realtors Pvt. Ltd.-III	1,285,000	1,285,000
14,611 (14,611) Debenture of ₹100 each of Ats Apartment Pvt. Ltd.-I	1,461,100	1,461,100
14,332 (14,332) Debenture of ₹100 each of VBHDC Bangalore Value Homes Pvt. Ltd.-I	1,433,200	1,433,200
10,660 (10,660) Debenture of ₹100 each of Nitesh Housing Developers Pvt. Ltd.-III	1,066,000	1,066,000
972 (972) Debenture of ₹1,000 each of Atithi Building Commodities Pvt. Ltd.-II	972,000	972,000
11,844 (11,844) Debenture of ₹100 each of Nitesh Land Holdings Pvt. Ltd.	1,184,400	1,184,400
900 (900) Debenture of ₹1,000 each of Ariisto Realtors Pvt. Ltd.-II	900,000	900,000
— (8,222) Debenture of ₹100 each of Nilkanth Tech Park Pvt. Ltd.-III	—	822,200
— (35,562) Debentures of ₹100 each of Nilkanth Tech Park Pvt. Ltd.-I	—	3,556,200
— (30,599) Debentures of ₹100 each of Nilkanth Tech Park Pvt. Ltd.-II	—	3,059,900
— (7,839) Debenture of ₹100 each of Nilkanth Tech Park Pvt. Ltd.-IV	—	783,900
7,108 (7,108) Debenture of ₹100 each of Nitesh Housing Developers Pvt. Ltd.-IV	710,800	710,800
4,145 (4,145) Debenture of ₹100 each of Nitesh Housing Developers Pvt. Ltd.-I	414,500	414,500
1,206 (1,206) Debenture of ₹100 each of Total Environment Projects Pvt. Ltd.-II	120,600	120,600
6,906 (6,906) Debenture of ₹1,000 each of Atithi Building Commodities Pvt. Ltd.	6,906,000	6,906,000
80,941 (80,941) Debentures of ₹100 each of Runwal Homes Class A	8,094,100	8,094,100
36,660 (36,660) Debentures of ₹100 each of Runwal Homes Class B	3,666,000	3,666,000
5,105 (5,105) Debentures of ₹1000 each of Ariisto Realtors Private Ltd.	5,105,000	5,105,000
73,237 (—) Debentures of ₹100 each of Runwal Township Pvt. Ltd.	7,323,700	—
72,546 (—) Convertible Debentures of ₹100 each of Total Environment Habitat Private Ltd.	7,254,600	—
3,002 (—) Debenture of ₹1,000 each of Ariisto Realtors Private Ltd.-IV	3,002,000	—
29,220 (—) Debenture of ₹100 each of Bhaveshwar Properties Private Ltd.-II	2,922,000	—

Suashish Diamonds Limited

	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
29,220 (—) Debenture of ₹100 each of Bhaveshwar Properties Private Ltd.	2,922,000	—
30,635 (—) Convertible Debenture of ₹100 each of Dharmesh Constructions Private Ltd.	3,063,500	—
28,773 (—) Debenture of ₹100 each of Arimas Developers Private Ltd. Class A	2,877,300	—
24,336 (—) Debenture of ₹100 each of BCC Infrastructure Pvt. Ltd. Class A- IV	2,433,600	—
24,336 (—) Debenture of ₹100 each of BCC Infrastructure Pvt. Ltd. Class A- III	2,433,600	—
21,109 (—) Debenture of ₹100 each of Marvel Realtors and Developers Series 2	2,110,900	—
18,250 (—) Debenture of ₹100 each of BCC Infrastructure Pvt. Ltd. Class A	1,825,000	—
20,840 (—) Debenture of ₹100 each of Marvel Realtors and Developers Series 1	2,084,000	—
17,175 (—) Debenture of ₹100 each of Total Environment Building Pvt. Ltd.-II	1,717,500	—
18,218 (—) Debenture of ₹100 each of VBHC Chennai Value Homes Pvt. Ltd.-Class A	1,821,800	—
14,797 (—) Debenture of ₹100 each of Total Environment Building Pvt. Ltd.-IV	1,479,700	—
16,780 (—) Debenture of ₹100 each of Kunal Spaces Pvt. Ltd.-Class A	1,678,000	—
14,730 (—) Debenture of ₹100 each of VBHC Delhi Value Homes Pvt. Ltd.-I	1,473,000	—
13,456 (—) Debenture of ₹100 each of Ekta World Pvt. Ltd.-Class A Series 1	1,345,600	—
12,970 (—) Debenture of ₹100 each of Ekta World Pvt. Ltd.-Class A Series 2	1,297,000	—
4,568 (—) Debenture of ₹100 each of Total Environment Projects Pvt. Ltd. -III	456,800	—
Quoted :		
1,304,711 (1,304,711) Equity shares of ₹10 each of Allahabad Bank (includes shares pledged 200,000 (as at 31/03/2010 234,400)	85,966,169	85,966,169
92,000 (92,000) Equity shares of ₹10 each of Ansal Properties & Infrastructure Ltd.	7,000,611	7,000,611
500,220 (—) Equity shares of ₹10 each of Apollo Tyres Ltd.	32,778,428	—
45,000 (—) Equity shares of ₹10 each of Ashok Leyland	2,548,620	—
— (29,000) Equity shares of ₹10 each of Bank Of India	—	11,164,286
13,934 (—) Equity shares of ₹10 each of Cummins India Ltd.	9,995,065	—
18,200 (—) Equity shares of ₹10 each of Globus Spirits Ltd.	3,231,430	—
— (635,444) Equity shares of ₹1 each of Hindalco Industries Ltd.	—	52,996,047
11,000 (158,000) Equity shares of ₹10 each of Hindustan Petroleum Corporation Ltd.	3,667,435	49,888,225
3,227,753 (—) Equity shares of ₹10 each of IDBI Bank Ltd.	405,708,815	—
100,000 (—) Equity shares of ₹10 each of Indian Bank	25,719,850	—
14,618 (—) Equity shares of ₹10 each of ING Vysya Bank Ltd.	5,012,924	—
100,000 (—) Equity shares of ₹10 each of Indian Oil Corporation Ltd.	34,506,514	—
30,000 (—) Equity shares of ₹10 each of ITC Ltd.	4,976,415	—
2,302,137 (—) Equity shares of ₹10 each of Syndicate Bank	268,472,363	—
12,300 (—) Equity shares of ₹10 each of Tata Chemicals Ltd.	5,003,711	—
6,666 (—) Equity shares of ₹10 each of Thermax Ltd.	5,124,174	—
— (184,984) Equity shares of ₹10 each of Tata Steel Ltd.	—	77,558,208
43,152 (43,152) Equity shares of ₹5 each of Ansal Hi-Tech Townships Limited	3,807,529	3,807,529
— (200,000) Equity shares of ₹5 each of Bharti Airtel Ltd.	—	63,509,717
760,163 (172,663-) Equity shares of ₹10 each of Chennai Petroleum Corporation Ltd.	186,385,665	39,073,823
1,727,236 (1,727,236) Equity shares of ₹10 each of DCB Ltd.	66,626,329	66,626,329
— (250,891) Equity shares of ₹2 each of India Bulls Financial Services Ltd.	—	31,307,849
— (100,000) Equity shares of ₹2 each of India Bulls Real Estate Ltd.	—	17,621,270
4,200,560 (2,689,533) Equity shares of ₹10 each of Indian Overseas Bank (includes shares pledged 350,000 (as at 31/03/2010 Nil)	406,817,933	198,218,419
11,750 (11,750) Equity shares of ₹100 each of Jammu & Kashmir Bank Ltd.	7,010,111	7,010,111
634,790 (1,322,790) Equity shares of ₹10 each of Junio Bees (Benchmark MF)	63,763,218	128,155,911
— (1,000,000) Equity shares of ₹10 each of National Hydroelectric Power Corporation Ltd.	—	37,062,810

Suashish Diamonds Limited

	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
273,835 (402,200) Equity shares of ₹10 each of Oriental Bank Of Commerce	100,595,321	87,866,960
6,520 (6,520) Equity shares of ₹10 each of Reliance Infrastructure Ltd.	7,012,137	7,012,137
27,840 (77,000) Equity shares of ₹10 each of Usha Martin Ltd.	2,529,706	6,996,674
— (76,170) Debentures of ₹100 each of Ansal Hi Tech Townships Ltd.	—	7,617,000
— (566,936) Equity shares of ₹10 each of Dena Bank	—	35,682,618
254,950 (221,554) Equity shares of ₹10 each of Federal Bank Ltd. (includes shares pledged 105,000 (as at 31/03/2010 Nil))	70,410,650	52,208,695
404,396 (251,239) Equity shares of ₹10 each of Great Eastern Shipping Co. Ltd.	111,010,705	65,991,229
1,891,000 (4,691,000) Equity shares of ₹10 each of Industrial Finance Corporation Of India Ltd.	101,136,428	213,344,781
20,450 (13,850) Equity shares of ₹10 each of Tata Motors (DVR) Ltd.	16,121,921	7,003,012

D. IN BULLION

995.0 Standard Gold Bar (2,030 gms)	2,491,115	2,491,115
	4,159,705,740	2,355,197,308
Aggregate value of quoted investments	2,042,940,177	1,360,690,420
Aggregate value of unquoted investments	2,116,765,563	994,506,888
Aggregate market value of quoted investments	2,548,405,967	1,702,756,836

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 / (%)	Capital account balance as at 31/03/2011 ₹	31/03/2010 ₹
Suashish Diamonds Ltd.	90.00	803,777,525	478,785,460
Taruvarsh Leasing Company Pvt. Ltd.	2.00	31,951,426	32,342,477
Shri Rameshkumar Goenka (HUF)	2.00	107,042,228	108,271,279
Shri Ashish R. Goenka	5.00	50,000	50,000
Goenka Holdings Pvt. Ltd. ***	1.00	—	14,231,644
	100.00	942,821,179	633,680,860

*** Goenka Holdings Pvt. Ltd. retired as a Partner from the Partnership Firm at the close of 31.03.2011

B) Mohinidevi Goenka Investments

Particulars	Share of profit / (%)	Capital account balance as at 31/03/2011 ₹	31/03/2010 ₹
Suashish Diamonds Ltd.	99.00	58,708,201	29,187
Taruvarsh Leasing Company Pvt. Ltd.	1.00	747,734	749,263
	100.00	59,455,935	778,450

C) M. G. Investments

Particulars	Share of profit / (%)	Capital account balance as at 31/03/2011 ₹	31/03/2010 ₹
Suashish Diamonds Ltd.	70.00	311,933,924	—
Shri Ashish R. Goenka	15.00	99,952,340	—
Mrs. Lavina A. Goenka	14.00	86,184	—
Ashish Goenka Family Trust	1.00	6,156	—
	100.00	411,978,604	—

Suashish Diamonds Limited

	As at 31/03/2011 ₹	As at 31/03/2010 ₹
SCHEDULE '6'		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Inventories		
Raw materials	278,143,614	313,512,116
Finished goods	539,785,742	960,665,700
Stores, spares and tools	3,225,299	2,643,898
	<u>821,154,655</u>	<u>1,276,821,714</u>
Sundry debtors		
(unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months		
— considered good	10,380,652	26,104,911
— considered doubtful	-	7,811,373
Other debts	709,286,363	920,089,379
	<u>719,667,015</u>	<u>954,005,663</u>
Less: Provision for doubtful debts	-	7,811,373
	<u>719,667,015</u>	<u>946,194,290</u>
Cash and bank balances		
Cash on hand	2,226,803	1,799,398
Bank balance with scheduled banks:		
In current accounts	4,890,012	509,232,072
In fixed and margin deposit accounts (under lien with banks ₹ 7,979,377,044, as at 31 March 2010: ₹ 1,0592,339,084)	9,306,061,740	10,915,539,085
	<u>9,313,178,555</u>	<u>11,426,570,555</u>
Other current assets		
Interest accrued but not due on fixed deposits	265,312,114	200,821,564
Total 'A'	<u>11,119,312,339</u>	<u>13,850,408,123</u>
LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans to staff	1,008,657	1,323,463
Loans to subsidiaries / associates	154,758,052	193,567,430
Loans to others	65,172,083	7,015,720
Advances recoverable in cash or in kind or for value to be received	518,901,078	683,693,397
Deposits	33,548,320	32,948,283
Mat credit entitlement	9,176,817	24,396,570
Taxes paid	425,008,693	351,015,570
Fringe benefit tax paid	2,605,329	8,395,087
Total 'B'	<u>1,210,179,029</u>	<u>1,302,355,520</u>
Total (A + B)	<u>12,329,491,368</u>	<u>15,152,763,643</u>

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	As at 31/03/2011 ₹	As at 31/03/2010 ₹
SCHEDULE '7'		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors (Refer note 24 of Schedule '17')	212,960,788	418,279,816
Due to subsidiaries	88,457,146	143,036,264
Advances received from customers	3,823,223	—
Interest accrued but not due on loans	34,216,457	51,241,961
Book overdraft	135,247,664	53,764,114
Deposits	12,830,971	12,830,971
Unclaimed dividend*	479,817	480,614
Other liabilities	2,493,452	2,326,570
Total 'A'	490,509,518	681,960,310
* Amount does not include any amount which is required to be credited to the Investor Education and Protection Fund.		
PROVISIONS		
Provision for gratuity	2,844,088	2,688,645
Provision for leave encashment	673,700	793,118
Provision for income tax	421,326,418	274,850,000
Provision for wealth tax	480,000	360,000
Provision for fringe benefit tax	2,600,000	8,400,000
Total 'B'	427,924,206	287,091,763
Total (A + B)	918,433,724	969,052,073

Suashish Diamonds Limited

	Current Year 2010-2011 ₹	Previous Year 2009-2010 ₹
SCHEDULE '8'		
SALES AND INCOME FROM OPERATIONS		
Sales	10,199,648,069	12,444,113,449
Job work sales	8,913,106	8,186,540
Exchange rate difference (net)	373,411,212	178,384,886
	10,581,972,387	12,630,684,875
SCHEDULE '9'		
INCOME/(LOSS) FROM INVESTMENTS AND FINANCIAL INSTRUMENTS		
Income/(Loss) from long term investments (Other than trade)	296,662,621	516,370,027
Profit/(Loss) on dealing in derivative instruments	—	(101,103)
	296,662,621	516,268,924
Dividend income:		
On long term investments (other than trade)	56,812,867	36,207,763
Interest income on investments in Debentures (long term)	9,684,426	3,362,913
Share in profit/(loss) of partnership firms:		
– Goenka Trading Company	(22,277,308)	9,440,940
– Mohinidevi Goenka Investments	(151,351)	52,157,915
– M. G. Investments	80,923	—
	(22,347,736)	61,598,855
	340,812,178	617,438,455
SCHEDULE '10'		
OTHER INCOME		
Rent	15,880,428	14,246,398
Profit on sale of fixed assets (net)	1,066,077	—
Interest on income tax refund	8,399,337	261,005
Balances written-back (net)	—	4,513,342
Miscellaneous income	1,699,329	833,940
	27,045,171	19,854,685

Suashish Diamonds Limited

	Current Year 2010-2011 ₹	Previous Year 2009-2010 ₹
SCHEDULE '11'		
INTEREST INCOME (NET)		
Interest income (Refer note 7 of schedule '17')	59,380,455	76,394,158
Less: Interest expenditure (Other than on fixed loans)	73,353,921	27,324,910
	(13,973,466)	49,069,248
 SCHEDULE '12'		
INCREASE / (DECREASE) IN STOCKS		
Closing stock of finished goods	539,785,742	960,665,700
Less: Opening stock of finished goods	960,665,700	1,623,464,694
	(420,879,958)	(662,798,994)
 SCHEDULE '13'		
COST OF MATERIALS		
Raw materials consumed:		
Opening stock	313,512,116	54,597,937
Add: Purchases [including commission on imports and cleaving charges]	6,629,138,121	6,568,603,065
	6,942,650,237	6,623,201,002
Less: Closing stock	278,143,614	313,512,116
	6,664,506,623	6,309,688,886
Purchase of finished goods	2,899,306,941	5,282,647,194
	9,563,813,564	11,592,336,080
Exchange difference on Imports	(83,354,442)	(43,070,104)
Net income on buyers Credit (Refer note 6 & 7 of Schedule 17)	(218,972,335)	(152,775,314)
	9,261,486,787	11,396,490,662
 SCHEDULE '14'		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, bonus, commission and allowances	61,091,406	54,191,088
Contribution to provident and other funds	1,790,949	1,868,075
Gratuity	198,575	55,438
Staff welfare expenses	2,388,270	1,795,908
	65,469,200	57,910,509

Suashish Diamonds Limited

	Current Year 2010-2011		Previous Year 2009-2010	
	₹	₹	₹	₹
SCHEDULE '15'				
MANUFACTURING AND OTHER EXPENSES				
Processing charges		124,609,806		106,457,114
Stores, spares and tools consumed		14,123,386		13,557,425
Power and electricity		5,412,636		5,065,542
Communication expenses		2,882,767		2,562,607
Printing and stationery		2,088,634		1,388,264
Travelling and conveyance expenses		29,232,383		17,465,955
Legal and professional fees		18,704,103		(7,836,961)
Provision for doubtful debts		—		2,150,644
Bad debts	11,064,195			1,837,248
Less: Transfer from provision for doubtful debts	7,811,373			—
		3,252,822		—
Rent, rates and taxes (including ₹ 24,000; previous year ₹ 24,000 paid to a director)		8,902,336		5,500,976
Repairs and maintenance:				
To plant and machinery	722,874		705,037	
To buildings	1,801,155		1,556,484	
To others	6,637,143		6,677,287	
		9,161,172		8,938,808
Insurance charges		1,514,946		4,662,409
Auditor's remuneration:				
For audit	2,301,102		1,282,418	
For tax audit	93,906		71,647	
For taxation matters	1,867,782		824,749	
For others	5,515		85,483	
		4,268,305		2,264,297
Donations		1,318,000		12,183,157
Loss on sale / written off of fixed assets		—		282,218
Compensation		4,053,600		—
Bank charges		22,614,909		18,575,553
Miscellaneous expenses		15,581,972		18,273,296
		267,721,777		213,328,552
SCHEDULE '16'				
SELLING AND DISTRIBUTION EXPENSES				
Commision and brokerage on sales		6,297,155		3,635,088
Advertisement expenses		17,774,935		20,452,472
Sales promotion expenses		16,454,916		10,501,491
ECGC premium		2,742,898		2,559,330
Freight, clearing and forwarding charges		5,087,318		4,574,114
Discount allowed		58,132,051		19,198,491
Courier charges		436,618		577,430
Packing expenses		440		886
Export insurance charges		2,675,318		3,214,625
		109,601,649		64,713,927

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 Accounting Standards notified vide 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 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. 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 rejections 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

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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 changes. 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 or 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 costs 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.

n) **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 31/03/2011	As at 31/03/2010
	(₹)	(₹)
a) Guarantee given by the Company to Bank of Baroda (Botswana) Limited for Overdraft Facility of USD 3.40 million availed by Suashish Diamond (Botswana) (Proprietary) Ltd. (a wholly owned Subsidiary Company)	151,572,000	—
b) Commitment with HDFC Asset Management Company Limited (PFMS)	—	63,000,000
c) Disputed Sales tax liability	2,516,895	2,516,895
d) Bank guarantees given by bank on behalf of the Company	1,264,858	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 to avoid distortion in valuation. 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 on consistent basis though in line with generally accepted industry practice, is a deviation from the method 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 2011, if any, due to the above deviations is not ascertainable.

- 4.** During the year the Company has sold its investment in Suashishstar Inc., USA wholly owned subsidiary resulting in loss of ₹17,633,750.
- 5.** The profit and loss account includes remuneration to directors as follows:

	Current Year	Previous Year
	2010-2011	2009-2010
	(₹)	(₹)
Salaries, bonus and allowances	5,627,476	5,049,436
Commission	8,700,000	5,900,000
Contribution to provident funds and other funds	54,600	21,600
Total	<u>4,382,076</u>	<u>10,971,036</u>

Suashish Diamonds Limited

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

Particulars	Current Year	Previous Year
	2010-2011 (₹)	2009-2010 (₹)
Profit / (loss) before exceptional items and before tax as per profit and loss account	783,812,998	894,508,914
Add:		
Managerial remuneration	14,382,076	10,971,036
Loss on sale of Assets / Fixed assets written-off	—	282,218
	798,195,074	905,762,168
Less:		
Profit on sale of fixed assets (net)	1,066,077	—
Profit on sale of Investments / dealing in derivative instrument (net)	296,662,621	516,268,924
Net Profit as per Section 198 of the Companies Act, 1956 for the year/period ended.	500,466,376	389,493,244
Commission @ 1% of Net Profit (01.04.2009 to 31.08.2009)	—	1,622,888
Commission @ 2% of Net Profit (01.09.2009 to 31.03.2010)	—	4,544,088
Commission @ 2% of Net Profit (01.04.2010 to 31.03.2011)	10,009,327	—
Total Commission	10,009,327	6,166,976
Commission restricted as determined by Board of directors	8,700,000	5,900,000

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 30 September 2009, has approved the revised remuneration to Mr. Ashish R. Goenka as Managing Director of the Company w.e.f. 1 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 ₹ 218,972,335 (previous year ₹ 152,775,314) shown in Schedule-13, "Cost of Materials" comprises of interest income of ₹707,533,475 (previous year ₹ 811,741,746) on fixed deposits, finance cost ₹ 210,537,938 (previous year ₹ 513,585,514) and Exchange rate difference loss ₹ 278,023,202 (previous year ₹ 145,380,918).
7. Interest income included in 'Net income on buyers credit' shown in Cost of materials as per Schedule-13 ₹ 707,533,475 (previous year ₹811,741,746), interest income on other fixed deposits / security deposits as per Schedule-11 ₹59,380,455 (previous year 76,394,158) and interest income on investment in debentures as per Schedule-9 ₹9,684,426 (previous year 3,362,913) includes TDS of ₹ 77,962,209 (previous year ₹ 50,129,831).
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

A. Raw materials

Class of Goods	Units	Opening Stock 01/04/2010		Purchases/Transfer		Turnover		Closing Stock 31/03/2011		Shortage/ gain Qty.
		Qty.	Value (₹)	Qty.	Value (₹)	Qty.	Value (₹)	Qty.	Value (₹)	
Rough Diamonds	Carats	2,73,900.00 (5,496.04)	185,406,094 (5,118,447)	2,649,662.49 (1,730,354.51)	6,848,831,813 (6,042,618,030)	2,656,578.86 (1,431,902.26)	6,450,119,668 (5,906,213,189)	234,414.62 (2,73,900)	160,099,063 (185,406,094)	16.24 (—)
Polished Diamonds	Carats	11,951.73 (4,320.86)	50,509,115 (19,630,603)	*101,369.32 (119,817.73)	*488,537,252 (590,638,855)	**12,159.08 (21,007.46)	**44,978,759 (100,064,937)	17,768.50 (11,951.73)	72,446,950 (50,509,115)	— (—)
Gold	Grams	42,195.23 (21,054.32)	68,956,227 (26,162,202)	247,382.34 (291,491.79)	466,569,602 (453,496,606)	— (5,121.43)	— (6,776,720)	16,887.90 (42,195.23)	34,205,621 (68,956,227)	— (—)
Others			8,640,680 (3,686,685)		70,693,240 (88,661,052)		— (395,421)		11,391,980 (8,640,680)	— (—)
Total			313,512,116 (54,597,937)		7,874,631,907 (7,175,414,543)		6,495,098,427 (6,013,450,267)		278,143,614 (313,512,116)	— (—)

* Includes diamonds transferred internally for captive consumption of 101,124.67 carats, value ₹ 488,520,556 (previous year 120,172.51 carats, value ₹ 606,811,479).

** Includes diamonds transferred internally for captive consumption of 11,399.44 carats, value ₹ 38,495,474 (previous year 19,748 carats, value ₹ 86,863,981).

*** Includes ₹ NIL transferred internally for captive consumption (previous year ₹ 205,334)

B. Finished goods

Class of Goods	Units	Opening Stock		Production/ Generation	Purchases		Turnover/Transfer (Net of returns)		Closing Stock		Melting Qty.	Shortage (Excess) Qty.
		Qty.	Value (₹)		Qty.	Value (₹)	Qty.	Value (₹)	Qty.	Value (₹)		
Polished Diamonds	Carats	*84,929.89 (*136,634.19)	957,842,423 (1,591,934,196)	6,669.16 (8,774.09)	**313,136.00 (809,025.48)	**4,987,029,263 (10,353,158,509)	***362,073.08 (869,595.40)	***5,384,084,084 (10,690,353,974)	*42,681.51 (*84,929.89)	385,838,195 (957,842,423)	— (—)	(19.54) (91.54)
Jewellery	Pieces	11,229 (11,275)	2,823,277 (31,530,498)	286,315 (325,689)	— (—)	— (—)	293,614 (319,230)	1,351,426,973 (1,408,649,317)	3,930 (11,229)	3,609,361 (2,823,277)	— (6,505)	— (—)
Electricity	KWH	— (—)	— (—)	2,182,406 (2,672,403)	— (—)	— (—)	2,182,406 (2,672,403)	7,336,630 (8,984,098)	— (—)	— (—)	— (—)	— (—)
Traded goods:												
Castor Seed	Kg	— (—)	— (—)	— (—)	2,831,250 (—)	150,338,186 (—)	— (—)	— (—)	2,831,250 (—)	150,338,186 (—)	— (—)	— (—)
Total			960,665,700 (1,623,464,694)			5,137,367,449 (10,353,158,509)		6,742,847,687 (12,107,987,389)		539,785,742 (960,665,700)		

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

** Includes diamonds of 103,985.24 carats, value ₹2,238,060,509 (previous year 375,808.07 carats, value ₹ 5,070,511,315) transferred internally for captive consumption.

*** Includes diamonds of 193,710.98 carats, value ₹2,688,094,950 (previous year 475,022.22 carats, value ₹ 5,568,827,231) transferred internally for captive consumption.

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

9. i) Consumption of raw materials

Particulars	Unit	Quantity	Value (₹)
Rough diamonds	Carats	32,552.77 (30,048.29)	424,019,176 (-43,882,806)
Polished diamonds	Carats	83,393.47 (91,179.40)	421,620,658 (459,695,406)
Gold (100% indigenous)	Grams	272,689.67 (265,229.45)	501,320,208 (403,925,861)
Others		— (—)	67,941,940 (83,311,636)
Total			1,414,901,982 (903,050,097)

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 raw materials consumed into imported and indigenous category in view of nature of business of the Company.

ii) Stores and spare parts consumed

	Current Year 2010-2011		Previous Year 2009-2010	
	Value (₹)	%	Value (₹)	%
Imported	4,138,363	29.30	4,085,738	30.14
Indigenous	9,985,023	70.70	9,471,687	69.86
Total	14,123,386	100.00	13,557,425	100.00

Current Year 2010-2011 (₹)	Previous Year 2009-2010 (₹)
--	-----------------------------------

10. C.I.F. value of imports:

Stores and spares	4,876,001	3,299,371
Polished diamonds	1,889,892,641	4,088,912,073
Rough diamonds	5,990,455,532	5,949,562,308
Raw materials -others	6,616,806	5,038,749

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	Current Year 2010-2011 (₹)	Previous Year 2009-2010 (₹)
11. Expenditure in foreign currency:		
a) Commission on imports	15,066,200	11,718,211
b) Foreign traveling expenses	4,014,929	3,475,840
c) Interest on foreign currency loans and credit facilities	231,909,949	159,537,859
d) Consultancy fees	840,165	2,760,055
e) Others	66,459,080	44,082,125
12. Earnings in foreign currency:		
F.O.B. value of exports	6,968,048,516	10,403,813,419
Discount received	—	251,284
Reimbursement of expenses	19,140,471	35,778,387
Interest received	13,218,097	519,791
13. Amounts due from companies under the same management included in sundry debtors are as follows:		
Particulars	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
Suashish Diamonds (Hong Kong) Ltd.	58,900,111	80,158,001
Suashish Jewels Inc.	26,649,779	—
Suashish Jewelry India Ltd.	3,670,410	3,014,948
Goenka Trading Company	920,604	611,021
Suashish Diamonds (Botswana) (Proprietary) Ltd.	10,377,542	—
Total	100,518,446	83,783,970
14. Amounts due from companies under the same management included in loans and advances are as follows:		
Particulars	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
Suashish Diamonds (Botswana) (Proprietary) Ltd. (Maximum balance outstanding during the year ₹ 446,566,809 previous year ₹ 353,114,394)	169,553,041	337,968,824
Goenka Laser House Private Ltd. (Maximum balance outstanding during the year ₹ 365,000, previous year ₹ 7,434,291)	26,064	—
Suashish Realtors Private Ltd. (Maximum balance outstanding during the year ₹ 55,390,300 previous year ₹ 30,965,188)	37,955,280	30,750,706
Suashish Properties Private Ltd. (Maximum balance outstanding during the year ₹ 89,557,000 previous year ₹ 46,112,860)	63,623,305	45,880,656
Suashish Diamdeal (India) Ltd. (Maximum balance outstanding during the year ₹ 63,464,486, previous year ₹ 14,172,463)	63,174,486	6,150,286
Suashish Realty Private Ltd. (Maximum balance outstanding during the year ₹ 9,017,015, previous year ₹ 9,589,015)	9,017,015	8,949,015
Suashish Finance Ltd. (Maximum balance outstanding during the year ₹ 63,000 previous year ₹ 25,000)	63,000	25,000
Suashish Jewelry India Ltd. (Maximum balance outstanding during the year ₹ 298,672,681 previous year ₹ 194,865,006)	145,856,052	184,715,430

Taruvarsh Leasing Company Pvt. Ltd.
(Maximum balance outstanding during the year
₹ 100,000, previous year ₹ 100,000)

	100,000	100,000
Total	489,368,243	614,539,917

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

15. Earnings per share:

	Current Year 2010-2011	Previous Year 2009-2010
(i) Net profit/(loss) after tax available for equity share holders (₹)	620,535,710	703,986,234
(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 (₹)	29.89	33.91
(iv) Nominal value of share (₹)	10.00	10.00

16. Lease disclosures:

- i. The Company has entered into one (previous year one) 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:

Future minimum lease payments payable for the year	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
i. Not later than one year	—	40,500
ii. Later than one year and not later than five years	—	—
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 ₹ 40,500 (previous year ₹160,000).

17. Major components of deferred tax assets and liabilities arising on account of timing differences are as below:

Particulars	As at 31/03/2011		As at 31/03/2010	
	Deferred Tax Assets (₹)	Deferred Tax Liabilities (₹)	Deferred Tax Assets (₹)	Deferred Tax Liabilities (₹)
Depreciation		14,998,565		32,527,915
Provision for doubtful debts	—		2,655,086	
Provision for gratuity	51,634		—	
Expenses allowable on payment basis for tax purpose	1,216,711		1,666,147	
Total	1,268,345	14,998,565	4,321,233	32,527,915
Deferred tax assets / (liabilities) – Net	(13,730,220)		(28,206,682)	

18. 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.

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

Sr. No.	Particulars	Geographical segments		Total
		Outside India	Within India	
1.	Segment Revenue			
	Sales and income from operations	7,450,813,338 (10,475,001,966)	3,131,159,049 (2,155,682,909)	10,581,972,387 (12,630,684,875)
2.	Carrying amount of assets by geographical location of assets			
	Segment assets	865,140,252 (1,286,621,732)	15,472,721,830 (16,142,115,250)	16,337,862,082 (17,428,736,982)
3.	Additions to fixed assets	— (—)	86,481,485 (2,545,162)	86,481,485 (2,545,162)

Notes:

- 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.
- 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.

19. Related party disclosures:

- Related party relationships:
 - Subsidiaries
(Enterprises where control exists): : Suashish Diamonds (Hong Kong) Ltd.
Suashishstar Inc. (upto 14 January 2011)
Suashish Diamond (Shanghai) Ltd.
Suashish Jewels Inc.
Suashish Jewels Canada Inc. (w.e.f.10 February 2011)
Suashish Diamonds (Botswana) (Proprietary) Ltd.
Goenka Trading Company
Mohinidevi Goenka Investments
Suashish Jewelry India Limited
M.G. Investments (w.e.f. 17 January 2011)
 - Associates : Suashish Finance Ltd.
Taruvarsh Leasing Company Pvt. Ltd.
Suashish Realty Pvt. Limited.
 - Key management personnel : Mr. Ashish R. Goenka
Mr. Rajeshkumar R. Kedia
Mr. Pawan Bagla (w.e.f. 3 November 2010)
 - Relatives of key management personnel : Mrs. Lavina A. Goenka
Mrs. Amita Kedia
Mr. Siddharth Kedia
 - Enterprises on which key management personnel have significant influence : Rameshkumar S. Goenka (HUF)
Fabulous Holdings Pvt. Ltd.
Goenka Holdings Pvt. Ltd.
Rapid Holdings Pvt. Ltd.
Radiant Holdings Pvt. Ltd.
Suashish Diamdeal (India) Ltd.
Suashish Realtors Pvt. Ltd.
Suashish Properties Pvt. Ltd.
Goenka Laser House Pvt. Ltd.
Mohinidevi Goenka Trust

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 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 ₹)

Particulars	Related Parties					Total
	Subsidiaries	Associates	Key Management Personnel	Relatives of key Management Personnel	Enterprises in which key Management Personnel have significant influence	
Reimbursements made towards expenses	— (—)	18,000 (—)	— (—)	— (—)	159,867 (1,236,714)	177,867 (1,236,714)
Reimbursements received against expenses incurred	19,303,233 (8,601,210)	— (—)	— (—)	— (—)	— (—)	19,303,233 (8,601,210)
Rent expense incurred	— (—)	— (—)	24,000 (24,000)	— (—)	148,264 (148,264)	172,264 (172,264)
Consultancy charges paid	— (—)	— (—)	— (—)	1,020,096 (971,732)	— (—)	1,020,096 (971,732)
Sale of polished diamonds	800,074,167 (1,416,106,824)	— (—)	— (—)	6,157,517 (9,415,895)	— (—)	806,231,684 (1,425,522,719)
Sale of rough diamond	10,506,728 (—)	— (—)	— (—)	— (—)	— (—)	10,506,728 (—)
Sale of jewellery	295,625,006 (149,082,761)	— (—)	— (—)	— (—)	— (—)	295,625,006 (149,082,761)
Sale of Raw Material-Findings	— (4,643)	— (—)	— (—)	— (—)	— (—)	— (4,643)
Purchase of polished diamonds	1,173,190,622 (1,377,153,579)	— (—)	— (—)	— (—)	— (—)	1,173,190,622 (1,377,153,579)
Purchase of rough diamond	173,279,117 (25,858,957)	— (—)	— (—)	— (—)	— (—)	173,279,117 (25,858,957)
Purchase of Jewellery	— (340,827)	— (—)	— (—)	— (—)	— (—)	— (340,827)
Managerial remuneration	— (—)	— (—)	14,382,076 (10,971,036)	— (—)	— (—)	14,382,076 (10,971,036)
Loan given	297,241,506 (216,710,538)	50,000 (35,000)	— (—)	— (—)	146,260,970 (121,024,000)	443,552,476 (337,769,538)
Loan given received back	336,100,884 (157,874,056)	— (675,000)	— (—)	— (—)	45,745,836 (56,806,000)	381,846,720 (215,355,056)
Loan taken	— (—)	— (—)	210,000,000 (—)	— (—)	— (—)	210,000,000 (—)
Loan repayment	— (—)	— (—)	210,000,000 (—)	— (—)	— (—)	210,000,000 (—)
Share application money refund received	277,013,768 (—)	— (—)	— (—)	— (—)	— (—)	277,013,768 (—)
Share application money paid	94,142,802 (306,684,515)	38,000 (25,000)	— (—)	— (—)	— (—)	94,180,802 (306,709,515)
Interest received on share application money	13,218,097 (5,191,791)	— (—)	— (—)	— (—)	— (—)	13,218,097 (5,191,791)
Capital introduced in partnership firm	3,359,260,543 (925,907,481)	— (—)	— (—)	— (—)	— (—)	3,359,260,543 (925,907,481)
Capital withdrawn from partnership firm	2,641,545,954 (1,222,476,712)	— (—)	— (—)	— (—)	— (—)	2,641,545,954 (1,222,476,712)
Sale of fixed assets	1,333,582 (68,657)	— (—)	— (—)	— (—)	— (—)	1,333,582 (68,657)
Sale of consumables	112,619 (—)	— (—)	— (—)	— (—)	— (—)	112,619 (—)
Balances receivable as at year end	415,927,539 (606,468,224)	9,180,015 (9,074,015)	— (—)	— (—)	164,779,134 (111,345,761)	592,048,370 (726,888,000)
Balances payable as at year end	88,002,053 (143,266,515)	— (—)	— (—)	— (—)	— (—)	88,002,053 (143,266,515)

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

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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 2010-2011 (₹)	Previous Year 2009-2010 (₹)
Reimbursements made towards expenses		
Suashish Realtors Private Ltd.	23,062	294,482
Suashish Properties Private Ltd.	—	292,174
Goenka Laser House Private Ltd.	61,906	325,029
Suashish Diamdeal (India) Ltd.	59,656	325,029
Suashish Realty Private Ltd.	18,000	—
Reimbursements received against expenses incurred		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	19,303,233	8,036,020
Rent expense incurred		
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
Consultancy charges paid		
Amita Kedia	275,400	320,400
Siddharth Kedia	744,696	651,332
Sale of polished diamonds		
Suashish Diamonds (Hong Kong) Ltd.	620,994,714	1,222,419,457
Suashish Jewelry India Ltd.	175,540,578	186,402,871
Sale of rough diamonds		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	10,506,728	—
Sale of jewellery		
Suashish Jewels Inc.	293,268,611	145,883,784
Sale of raw material -findings		
Suashish Jewelry India Ltd.	—	4,643
Purchase of polished diamonds		
Suashish Diamonds (Hong Kong) Ltd.	200,584,997	965,469,969
Suashish Jewels Inc.	—	—
Suashish Diamonds (Botswana) (Proprietary) Ltd.	972,605,625	328,065,203
Purchase of rough diamonds		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	173,279,117	25,858,957
Purchase of jewellery		
Suashish Jewels Inc.	—	340,827
Managerial remuneration		
Mr. Ashish R. Goenka	13,500,000	10,700,000
Loan given		
Suashish Jewelry India Ltd.	297,241,506	216,710,538
Suashish Properties Private Ltd.	52,169,305	71,909,000
Suashish Realtors Private Ltd.	—	48,774,000
Suashish Diamdeal (India) Ltd.	63,478,188	—
Loan given received back		
Suashish Realtors Private Ltd.	—	22,910,000
Suashish Properties Private Ltd.	—	33,896,000
Suashish Jewelry India Ltd.	336,100,884	157,874,056
Loan taken from Director		
Ashish R. Goenka	210,000,000	—
Loan repaid to Director		
Ashish R. Goenka	210,000,000	—

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Particulars	Current Year 2010-2011 (₹)	Previous Year 2009-2010 (₹)
Share application money refund Received Suashish Diamonds (Botswana) (Proprietary) Ltd.	277,013,768	—
Share application money paid Suashish Diamonds (Botswana) (Proprietary) Ltd.	94,142,802	306,684,515
Interest received on share application money Suashish Diamonds (Botswana) (Proprietary) Ltd.	13,218,097	5,191,791
Capital introduced in partnership firm Goenka Trading Company	2,966,189,119	916,122,481
Capital withdrawn from partnership firm Goenka Trading Company Mohinidevi Goenka Investment	2,618,919,746 —	659,859,712 562,617,000
Sale of fixed assets Suashish Jewelry India Ltd Suashish Diamonds (Botswana) (Proprietary) Ltd.	— 1,329,936	68,657 —
Sale of consumables Suashish Diamonds (Botswana) (Proprietary) Ltd.	112,619	—
Balances receivable as at year / year end Suashish Diamonds (Hong Kong) Ltd. Suashish Diamonds (Botswana) (Proprietary) Ltd. Suashish Diamdeal (India) Ltd. Suashish Property Pvt. Ltd. Suashish Jewelry India Ltd.	58,900,111 179,930,583 63,174,486 63,623,305 149,526,462	80,158,001 337,968,824 — — 187,730,378
Balances payable as at year / year end Suashish Jewels Inc. Suashish Diamonds (Botswana) Private Limited Suashish Diamonds (Hong Kong) Ltd.	— 85,840,371 —	28,980,877 — 114,055,387

The working capital facilities of ₹ 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.

20. 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 2010-2011 (₹)	Previous Year 2009-2010 (₹)
Discount rate	8.25% p.a.	8.25% 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	01/04/2010 to 31/03/2011 (₹)	01/04/2009 to 31/03/2010 (₹)
Present value of defined benefits obligations as at beginning of the year	2,688,645	2,633,208
Interest cost	221,813	217,240
Current service cost	456,380	447,320
Benefit paid	(43,132)	—
Actuarial (gain) / loss on defined benefits obligation	(479,618)	(609,123)
Projected benefit obligation as at year end	2,844,088	2,688,645

Suashish Diamonds Limited

iii) Amount to be recognised in the balance sheet

Particulars	Current Year 2010-11 (₹)	Previous Year 2009-10 (₹)
Present value of defined benefits obligation as on balance sheet date	2,844,088	2,688,645
Fair value of plan assets	—	—
Liability recognized in balance sheet date	2,844,088	2,688,645

iv) Amounts to be recognised in the profit and loss account

Particulars	Current Year 2010-11 (₹)	Previous Year 2009-10 (₹)
Service cost	456,380	447,320
Interest cost of obligation	221,813	217,240
Expected return on plan assets	—	—
Net actuarial (gain) / loss	(500,435)	(609,122)
Past Service cost	20,817	—
Total expense recognized in the statement of profit and loss account	198,575	55,438

21. Particulars of commodity futures contracts open as at year-end are as follows:

Sr. No.	Name of Future	As at 31/03/2011 (KGS)	As at 31/03/2010 (KGS)	Daily settlement price as on last trading day of previous year ₹ per kg	Type of Position
1	Castor Seed 3 March 2011	2,831,250	—	1,020	Sell

22. 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 year end are as follows:

Particulars	Currency	As at 31/03/2011		As at 31/03/2010	
		Amount in foreign currency	Amount (₹)	Amount in foreign currency	Amount (₹)
Currency swaps against principal / interest payable on foreign currency loans	INR/USD	183,238,690.99	8,174,278,005	227,749,597.28	10,788,079,729
Option	INR/USD	10,000,000.00	446,100,000	—	—

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

Particulars	Currency	As at 31/03/2011		As at 31/03/2010	
		Amount in foreign currency	Amount (₹)	Amount in foreign currency	Amount (₹)
Debtors	USD	14,766,075	658,271,603	19,613,800	880,267,362
Creditors	USD	4,212,047	187,899,426	7,373,500	350,517,026
Share application money	USD	3,730,630	169,553,041	7,547,130	338,715,194
Cash on hand	HKD	34,220	196,253	31,063	204,500
	USD	2,310	102,985	6,352	299,406
	GBP	6,326	454,008	3,515	262,456
	Baht	173,470	258,531	33,470	49,870
	Other Currencies		265,504		81,140

c) Forward contract outstanding as at year end in respect of exports USD 111,563,443 (as at 31/03/2010 USD 212,384,407), imports USD 30,000,000 (as at 31/03/2010 USD Nil) and investments USD 7,456,445 (as at 31/03/2010 USD 11,347,676).

23. 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.
 24. 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.
 25. 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.
 26. Previous year's figures have been rearranged or regrouped wherever necessary and figures in brackets indicate the corresponding figures for previous year.
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Signature to schedules '1' to '17'

On behalf of the Board of directors

For **SURESH SURANA & ASSOCIATES**
Chartered Accountants
(Nirmal Jain)
Partner
Membership No. 34709
Mumbai, Dated : 5 July 2011

Ashish R. Goenka	Chairman and Managing Director
Pawan Bagla	Executive Director
Rajesh R. Kedia	Wholetime Director
Srikant Mohan	Company Secretary

Mumbai, Dated : 5 July 2011

Suashish Diamonds Limited

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	:	31/03/2011

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

Total Liabilities	:	16,774,653
Total Assets	:	16,774,653

Sources of Funds

Paid-up Capital (including forfeited shares)	:	208,121
Reserves & Surplus	:	6,355,249
Secured Loans	:	9,279,119
Unsecured Loans	:	—
Deferred tax liabilities (net)	:	13,730

Application of Funds

Net Fixed Assets (including capital work-in-progress / capital advances)	:	285,456
Investments	:	4,159,706
Deferred Tax Assets (net)	:	—
Net Current Assets	:	11,411,057

IV. Performance of Company : (Amount in ₹ Thousands)

Turnover	:	10,935,856
Total Expenditure	:	10,169,677
(Net of increase/decrease in stocks)		
Profit/(loss) before tax	:	766,179
Profit/(loss) after tax	:	620,536
Basic / diluted earnings/(loss) per share in (Not annualised)	:	29.89 (Face value ₹10)
Dividend rate (%)	:	—

V. Generic Names of Three Principal Products / Services of the Company

	:	(As per monetary terms)
Item Code No. (ITC Code)	:	710239.01
Product Description	:	Cut and polished diamonds
Item Code No. (ITC Code)	:	710231.00
Product Description	:	Rough diamonds
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

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 (collectively referred as 'the Group') as at 31 March 2011 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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., Suashish Diamonds (Botswana) (Proprietary) Limited, Suashish Jewels Canada Inc., M/s. Goenka Trading Company, M/s. Mohinidevi Goenka Investments and M/s. M.G. Investments whose financial statements reflect total assets of ₹ 1,199,945,529 as at 31 March 2011, total revenue of ₹ 1,898,174,268 and cash inflows amounting to ₹ 4,758,467 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. were not available to the Group since last six 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 till the date of sale of investment in subsidiary in the current year.
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 ₹ 466,214,283 as at 31 March 2011, total revenue of ₹ 1,019,072,720 and cash flows amounting to ₹ 1,083,837 for the year ended on that date. For the purpose of consolidated financial statements for the year ended 31 March 2011, Independent Accountant's Review Report has been furnished. These financial statements and other financial information have been reviewed by another auditor whose report has been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the said subsidiary is solely based on the review report of another auditor.*
 - b) *The adjustments for unrealised profit pertaining to unsold inventories, out of sales made within the Group, as at 1 April 2010 and as at 31 March 2011 of ₹ 31,110,917 ₹ 47,125,189 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 2011 could not be ascertained;*
 - d) *Note 5(ii) of Schedule '17' for non provision towards loans and advances given to a body corporate of ₹ 1,000,000 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 2011 could not be ascertained; and*

Suashish Diamonds Limited

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 2011;
 - b) the consolidated profit and loss account, of the profit of the Group for the year ended on that date; and
 - c) the consolidated cash flow statement, of the cash flows of the Group 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: 5 July 2011

Consolidated Balance Sheet

As at 31 March 2011

	Schedule	As at 31/03/2011		As at 31/03/2010	
		₹	₹	₹	₹
SOURCES OF FUNDS					
Shareholders' funds:					
Share capital	1	208,120,500		208,120,500	
Reserves and surplus	2	6,656,787,842		5,983,886,972	
			6,864,908,342		6,192,007,472
			251,415,847		166,392,222
Minority interest					
Loan funds:					
Secured loans	3		9,371,394,072		10,875,756,329
Deferred tax liabilities (net)					
			23,993,225		33,792,672
Total			16,511,711,486		17,267,948,695
APPLICATION OF FUNDS					
Fixed assets					
Gross block	4	1,156,953,251		945,922,500	
Less : Depreciation		492,290,753		466,146,533	
Net block		664,662,498		479,775,967	
Add: Capital work-in-progress / advances to suppliers of fixed assets		2,579,759		197,178,152	
			667,242,257		676,954,119
Investments	5		3,322,019,135		1,727,656,470
Current assets, loans and advances					
Inventories		1,307,764,190		1,916,515,329	
Sundry debtors		814,081,556		927,874,764	
Cash and bank balances		9,339,596,407		11,441,756,645	
Other current assets		265,445,408		200,821,564	
Loans and advances		1,637,323,598		1,268,195,426	
Total 'A'		13,364,211,159		15,755,163,728	
Less : Current liabilities and provisions					
Current liabilities	7	406,464,381		603,658,652	
Provisions		435,296,684		288,166,970	
Total 'B'		841,761,065		891,825,622	
Net current assets (A-B)			12,522,450,094		14,863,338,106
Total			16,511,711,486		17,267,948,695
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: 5 July 2011

On behalf of the Board of directors

Ashish R. Goenka
Pawan Bagla
Rajesh R. Kedia
Srikant Mohan

Mumbai; Dated: 5 July 2011

Chairman & Managing Director
Executive Director
Wholtime Director
Company Secretary

Consolidated Profit and Loss Account

For The Year Ended 31 March 2011

	Schedule	Current Year 2010-2011		Previous Year 2009-2010	
		₹	₹	₹	₹
INCOME					
Sales and income from operations	8	11,015,521,542		12,169,321,020	
Income/(loss) from investments and financial instruments	9	336,694,954		608,560,968	
Other income	10	37,886,499		34,472,245	
Interest income / (expense) - net	11	(29,064,803)		37,481,742	
Increase / (decrease) in stocks	12	(424,814,929)		(585,854,548)	
		<u>10,936,223,263</u>		<u>12,263,981,427</u>	
EXPENDITURE					
Cost of materials and goods	13	9,294,734,432		10,714,530,258	
Employees' remuneration and benefits	14	146,779,313		102,254,938	
Manufacturing and other expenses	15	367,562,945		283,756,585	
Selling and distribution expenses	16	222,522,722		104,923,702	
Depreciation / Amortisation	4	39,043,137		40,075,411	
Preliminary expenses		50,829		—	
		<u>10,070,693,378</u>		<u>11,245,540,894</u>	
PROFIT/(LOSS)					
Profit before exceptional items		865,529,885		1,018,440,533	
Exceptional items:					
- Loss on sale of investment in subsidiary company (Refer note 1(c) (2) of Schedule '17')		(17,633,750)		—	
Profit/(loss) after exceptional items and before taxation		847,896,135		1,018,440,533	
Provision for income tax					
- Current year		(160,338,205)		(140,350,000)	
- MAT credit entitlement		—		24,396,570	
- Deferred tax benefit/(expense)		11,659,986		(76,648,105)	
Provision for wealth tax		(120,000)		(100,000)	
		<u>(148,798,219)</u>		<u>(192,701,535)</u>	
Share of loss of associates for the year		(15,802,240)		(2,265,802)	
Profit/(loss) after taxation before minority interest		683,295,676		823,473,196	
Minority interest loss for the year		1,923,254		8,630,708	
Profit/(loss) for the year		685,218,930		832,103,904	
Prior year income / (expenses) (net)		(3,539,142)		—	
Prior year tax adjustments (net)		(1,573,456)		(5,169,630)	
Balance brought forward from previous year		2,702,553,771		1,875,619,497	
Balance carried to balance sheet		3,382,660,103		2,702,553,771	
Basic and diluted earnings/(loss) per share		33.00		40.08	
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 Accountants

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai; Dated: 5 July 2011

On behalf of the Board of directors

Ashish R. Goenka
Pawan Bagla
Rajesh R. Kedia
Srikant Mohan

Mumbai; Dated: 5 July 2011

Chairman & Managing Director
Executive Director
Wholetime Director
Company Secretary

Consolidated Cash Flow Statement

For The Year Ended 31 March 2011

	Current Year 2010-2011		Previous Year 2009-2010	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit/(loss) before tax and exceptional items		865,529,885		1,018,440,533
ADJUSTMENTS FOR				
Depreciation / Amortisation	39,043,137		40,075,411	
Profit on sale of fixed assets (net)	(1,368,542)		—	
Fixed assets written off	—		282,218	
Interest / Dividend income-Net	(47,052,635)		(77,499,773)	
Change in translation reserve	(5,758,096)		1,029,515	
		(15,136,136)		(36,112,629)
Operating profit before working capital changes		850,393,749		982,327,904
ADJUSTMENTS FOR				
Trade and other receivables	115,599,806		179,983,495	
Inventories	608,751,139		41,423,060	
Trade payables and other trade liabilities	(86,916,510)		189,110,463	
		637,434,435		410,517,018
Cash generated from / (used in) operations		1,487,828,184		1,392,844,922
Direct taxes paid		(73,841,131)		(81,601,684)
		1,413,987,053		1,311,243,238
Share of minority in profit for the year		1,923,254		8,630,708
		1,415,910,307		1,319,873,946
Prior year income / (expenses) (net)		(3,539,142)		—
Net cash from / (used in) operating activities		1,412,371,165		1,319,873,946
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payments for purchase of fixed assets/capital expenditure		(42,651,118)		(9,637,455)
Proceeds from sale of fixed assets		13,241,018		970,690
Changes in investments (net)		(1,627,798,655)		(192,202,711)
Loans (granted) / received (net)		(313,951,149)		(270,159,003)
Interest and dividend received		113,603,313		116,151,184
Net cash from / (used) in investing activities		(1,857,556,591)		(354,877,295)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings (net of repayments)		(1,504,362,257)		5,718,050,019
Fixed deposits placed (net)		1,606,257,479		(6,237,279,884)
Interest received / (paid) (net)		(152,611,758)		23,274,429
Dividend on Equity share capital		(797)		91,453
Net cash (used in) / from in financing activities		(50,717,333)		(495,863,983)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		495,902,759		469,132,668
Cash and cash equivalents - opening balance		525,876,560		56,743,892
Cash and cash equivalents - closing balance		29,973,801		525,876,560
Net (decrease) / increase as disclosed above		(495,902,759)		469,132,668
Cash and cash equivalents not available for use by the Group:		479,817		480,614
Cash and cash equivalents as at year end comprise of:				
Cash and cash equivalents		9,339,596,407		11,441,756,645
Less: Fixed deposits		9,309,622,606		10,915,880,085
		29,973,801		525,876,560

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: 5 July 2011

On behalf of the Board of directors

Ashish R. Goenka
Pawan Bagla
Rajesh R. Kedia
Srikant Mohan

Mumbai; Dated: 5 July 2011

Chairman & Managing Director
Executive Director
Wholetime Director
Company Secretary

Suashish Diamonds Limited

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31/03/2011 ₹	As at 31/03/2010 ₹
SCHEDULE '1'		
SHARE CAPITAL		
Authorised:		
25,000,000 (25,000,000) Equity shares of ₹10 each	250,000,000	250,000,000
2,000,000 (2,000,000) Redeemable cumulative non-convertible preference shares of ₹100 each	<u>200,000,000</u>	<u>200,000,000</u>
	<u>450,000,000</u>	<u>450,000,000</u>
Issued, Subscribed and Paid-up:		
20,763,300 (as at 31 March 2010: 20,763,300) Equity shares of ₹10 each fully paid up (Of the above shares, 13,849,000 (as at 31 March 2010: 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)	<u>487,500</u>	<u>487,500</u>
	<u>208,120,500</u>	<u>208,120,500</u>
SCHEDULE '2'		
RESERVES AND SURPLUS		
Securities premium account	1,065,078,101	1,065,078,101
General reserve	2,019,850,404	2,019,850,404
Credit risk reserve	145,367,664	145,367,664
Capital reserve arising on consolidation	8,603,232	8,603,232
Translation reserve	35,228,338	42,433,800
Surplus as per profit and loss account	<u>3,382,660,103</u>	<u>2,702,553,771</u>
	<u>6,656,787,842</u>	<u>5,983,886,972</u>
SCHEDULE '3'		
SECURED LOANS		
Loans from banks:		
Working capital facilities	<u>9,371,394,072</u>	<u>10,875,756,329</u>
	<u>9,371,394,072</u>	<u>10,875,756,329</u>

(The foreign currency loans of ₹6,953,398,024 (as at 31 March 2010: ₹9,446,755,904) included in working capital facilities are secured against the fixed deposits of ₹7,715,875,000 (as at 31 March 2010: ₹10,348,600,660). 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 our companies in which directors have significant influence, hypothecation of stock-in-trade, book debts, movables and other assets both present and future.)

(The bank overdraft facility of USD 3.40 million (previous year Nil) availed by Suashish Diamonds (Botswana) (Proprietary) Limited is secured by hypothecation of stocks, book debts and plant and machinery and a corporate guarantee of holding company Suashish Diamonds Limited)

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE '4'
FIXED ASSETS

Sr. No.	Description of Assets	GROSS BLOCK (AT COST OR REVALUED)			DEPRECIATION / AMORTISATION					NET BLOCK			
		As at 01/04/2010 ₹	Adjustment on translation ₹	Additions ₹	Deductions / written off ₹	As at 31/03/2011 ₹	Upto 31/03/2010 ₹	Adjustment on translation ₹	For the year ₹	Deductions / written off ₹	Upto 31/03/2011 ₹	As at 31/03/2011 ₹	As at 31/03/2010 ₹
1	Leasehold land	845,000	—	—	—	845,000	105,625	—	42,250	—	147,875	697,125	739,375
2	Leasehold premises	75,922,000	—	—	—	75,922,000	1,598,358	—	799,152	—	2,397,510	73,524,490	74,323,642
3	Buildings	325,295,079	(331,861)	193,500,269	(8,359,552)	510,103,935	123,787,631	(30,656)	10,385,028	(816,839)	133,325,164	376,778,771	201,507,448
4	Plant and machinery	436,951,651	39,437	28,751,477	(14,691,449)	451,051,116	269,441,110	976,947	20,362,576	(13,171,242)	277,609,391	173,441,725	167,510,541
5	Furniture and fixtures	73,228,110	(63,392)	4,226,564	—	77,391,282	51,596,511	40,322	4,700,253	—	56,337,086	21,054,196	21,631,599
6	Vehicles	29,582,334	2,598	10,771,201	(2,809,556)	37,546,577	18,378,329	107,579	2,467,938	—	20,953,846	16,592,731	11,204,005
7	Cost of improvement of leasehold premises	4,098,326	(4,985)	—	—	4,093,341	1,238,969	(5,028)	285,940	—	1,519,881	2,573,460	2,859,357
	Total	945,922,500	(358,203)	237,249,511	(25,860,557)	1,156,953,251	466,146,533	1,089,164	39,043,137	(13,988,081)	492,290,753	664,662,498	479,775,967
	Previous Year	948,109,579	(6,234,188)	7,917,351	(3,870,242)	945,922,500	430,012,377	(1,323,921)	40,075,411	(2,617,334)	466,146,533	479,775,967	

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Notes:

- Gross Block of Vehicles includes ₹1,807,422 (as at 31/03/2010 ₹1,807,422) registered in the name of the employees.
- Gross Block of Plant and Machinery includes ₹4,605,000 (as at 31/03/2010 ₹4,605,000) being Company's share in cost of assets whose ownership is not with the Company.
- Gross Block of Buildings include ₹13,403,000 (as at 31/03/2010 ₹ Nil) being cost of shares towards occupancy rights.

Suashish Diamonds Limited

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31/03/2011		As at 31/03/2010	
	₹	₹	₹	₹
SCHEDULE '5'				
INVESTMENTS				
Long term:				
A. In Subsidiary				
– (10) Common Stock, no par value, of Suashishstar Inc, a wholly owned subsidiary company		—		4,523,250
– (30) Preferred Stock, no par value, of Suashishstar Inc, a wholly owned subsidiary company		—		13,569,750
B. In Associates				
13,200 (13,200) Equity shares of ₹10 each fully paid up of Taruvarsh Leasing Co. Pvt. Ltd.,	660,000		660,000	
– Cost of investment (including Capital Reserve of ₹26,226,825 arising on acquisition)				
– Add: Share of profit upto previous year	17,586,102		19,851,904	
– Add: Share of profit/(loss) for the year	(15,802,240)		(2,265,802)	
		2,443,862		18,246,102
3,850,000 (3,850,000) Equity shares of ₹ 10 each fully paid up of Suashish Finance Ltd (Fully provided / written off)		—		—
35,000 (35,000) equity shares of ₹10 each fully paid up of Suashish Realty Pvt. Ltd.,	350,000		350,000	
– Add: Share of profit/(loss) upto previous year (restricted to the extent of investment)	(350,000)		(350,000)	
C. Other Investments				
In Equity shares		2,449,794,010		1,361,916,432
In Preference shares		5,840,544		5,817,000
In Mutual funds		493,326,168		80,112,825
In Debentures		199,915,000		66,203,900
17,558 (19,558) 0% Bond of National Bank for Agriculture and Rural Development (NABARD) of ₹20,000 each (maturity date - 01/02/2019)		168,208,436		174,776,096
995.0 Standard Gold Bar (2,030 gms)		2,491,115		2,491,115
		<u>3,322,019,135</u>		<u>1,727,656,470</u>
SCHEDULE '6'				
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Inventories				
Raw materials	429,404,550		615,147,346	
Work in progress	27,674,047		54,677,132	
Finished goods / Traded Goods	845,569,185		1,243,381,029	
Stores, spares and tools	5,116,408		3,309,822	
		1,307,764,190		1,916,515,329
Sundry debtors				
(unsecured, considered good unless otherwise stated)				
Considered good	814,081,556		927,874,764	
Considered doubtful	—		7,811,373	
	<u>814,081,556</u>		<u>935,686,137</u>	

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31/03/2011		As at 31/03/2010	
	₹	₹	₹	₹
Less: Provision for doubtful debts	—		7,811,373	
		814,081,556		927,874,764
Cash and bank balances				
Cash in hand	4,384,466		2,196,944	
Bank balances:				
In current accounts	25,589,335		523,679,616	
In fixed and margin deposit accounts (under lien with banks ₹7,982,782,910 as at 31/3/2010 ₹1,0592,339,084)	9,309,622,606		10,915,880,085	
		9,339,596,407		11,441,756,645
Other current assets				
Interest accrued but not due on fixed deposits		265,445,408		200,821,564
Total 'A'		11,726,887,561		14,486,968,302
LOANS AND ADVANCES (Unsecured, considered good)				
Loans to staff		1,008,657		1,323,463
Loans to others		67,033,083		8,878,720
Loan to associates		8,902,000		8,852,000
Debit balance in partners' current account		703,855,709		432,574,363
Advances recoverable in cash or in kind or for value to be received		379,170,238		385,921,906
Deposits		35,036,659		34,479,362
Mat credit entitlement		9,176,817		24,396,570
Taxes paid		430,535,106		363,335,653
Fringe benefit tax paid		2,605,329		8,433,389
Total 'B'		1,637,323,598		1,268,195,426
Total (A+B)		13,364,211,159		15,755,163,728
SCHEDULE '7'				
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry creditors		207,621,080		473,707,432
Advances received from customers		3,823,223		—
Book overdraft		135,748,411		54,071,677
Interest accrued but not due on loans		34,216,457		51,241,961
Deposits		17,015,960		17,015,960
Unclaimed dividend		479,817		480,614
Other liabilities		7,559,433		7,141,008
Total 'A'		406,464,381		603,658,652
PROVISIONS				
Provision for gratuity		9,237,644		2,912,427
Provision for leave encashment		1,146,622		1,104,543
Provision for income-tax		421,832,418		275,350,000
Provision for wealth tax		480,000		360,000
Provision for fringe benefit tax		2,600,000		8,440,000
Total 'B'		435,296,684		288,166,970
Total (A+B)		841,761,065		891,825,622

Suashish Diamonds Limited

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

	Current Year 2010-2011		Previous Year 2009-2010	
	₹	₹	₹	₹
SCHEDULE '8'				
SALES AND INCOME FROM OPERATIONS				
Sales	10,628,010,951		11,935,440,028	
Job work sales	8,913,106		14,973,389	
Exchange rate difference gain / (loss) - (net)	378,597,485		218,907,603	
	<u>11,015,521,542</u>		<u>12,169,321,020</u>	
SCHEDULE '9'				
INCOME/(LOSS) FROM INVESTMENTS AND FINANCIAL INSTRUMENTS				
Income/(loss) from long term investments (Other than trade)	296,662,621		569,271,027	
Profit/(loss) from dealing in derivative instruments	(2,685,135)		(1,445,322)	
Profit/(loss) on sale of shares	(24,123,460)		1,133,902	
Interest income on investments in debentures	9,684,426		3,362,913	
Dividend income on long term investments (Other than trade)	57,156,502		36,238,448	
	<u>336,694,954</u>		<u>608,560,968</u>	
SCHEDULE '10'				
OTHER INCOME				
Interest on other fixed/security deposits	477,005		155,665	
Interest on income tax refund	8,799,505		261,005	
Balances written-back (net)	—		4,513,342	
Rent	21,444,864		19,238,274	
Profit on sale of fixed assets (net)	1,368,542		—	
Miscellaneous income	5,796,583		10,303,959	
	<u>37,886,499</u>		<u>34,472,245</u>	
SCHEDULE '11'				
INTEREST INCOME / (EXPENSE) - NET				
Interest income	46,285,380		76,394,158	
Less: Interest expenditure (Other than on fixed loans)	75,350,183		38,912,416	
	<u>(29,064,803)</u>		<u>37,481,742</u>	
SCHEDULE '12'				
INCREASE / (DECREASE) IN STOCKS				
Closing stock of finished goods / traded goods	845,569,185		1,243,381,029	
Work-in-Progress	27,674,047		54,677,132	
	<u>873,243,232</u>		<u>1,298,058,161</u>	
Less:				
Opening stock of finished goods / traded goods	1,243,381,029		1,870,603,054	
Work-in-Progress	54,677,132		13,309,655	
	<u>1,298,058,161</u>		<u>1,883,912,709</u>	
	<u>(424,814,929)</u>		<u>(585,854,548)</u>	
SCHEDULE '13'				
COST OF MATERIALS AND GOODS				
a) Raw materials consumed:				
Opening stock	615,147,346		70,313,697	
Add: Purchases [including commission on imports and cleaving charges]	7,394,235,264		7,289,986,656	
	<u>8,009,382,610</u>		<u>7,360,300,353</u>	
Less: Closing stock	429,404,550		615,147,346	
	<u>7,579,978,060</u>		<u>6,745,153,007</u>	

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

	Current Year 2010-2011		Previous Year 2009-2010	
	₹	₹	₹	₹
b) Purchase of finished goods / traded goods:				
Polished diamonds	1,792,587,026		3,957,161,777	
Jewellery	74,009,501		208,060,892	
Commodities	150,486,622		—	
		2,017,083,149		4,165,222,669
c) Net income on Buyer's Credit (net) (Refer Note 7 of Schedule '17')		(218,972,335)		(152,775,314)
d) Exchange difference on imports		(83,354,442)		(43,070,104)
		9,294,734,432		10,714,530,258

SCHEDULE '14'

EMPLOYEES' REMUNERATION AND BENEFITS

Salaries, bonus, commission and allowances	129,178,752	94,206,956
Contribution to provident and other funds	3,102,968	2,774,509
Gratuity	4,541,377	264,263
Staff welfare expenses	9,956,216	5,009,210
	146,779,313	102,254,938

SCHEDULE '15'

MANUFACTURING AND OTHER EXPENSES

Processing charges	147,195,438	125,617,556
Stores, spares and tools consumption	28,037,801	21,357,337
Power and electricity	13,105,257	11,436,789
Communication expenses	4,310,779	3,729,015
Printing and stationery	2,767,472	1,623,642
Travelling and conveyance expenses	34,996,702	20,367,771
Legal and professional charges (net)	23,191,198	(4,300,014)
Bad debts	8,179,441	3,987,892
Rent, rates and taxes	22,535,116	17,724,141
Repairs and maintenance:		
To plant and machinery	751,312	705,037
To buildings	2,307,525	1,556,484
To others	11,520,622	10,216,353
	14,579,459	12,477,874
Insurance charges	4,757,150	7,861,223
Auditors' remuneration	5,242,181	2,791,492
Donations	1,318,000	12,183,157
Bank charges	26,072,563	21,565,114
Loss on sale / write off of fixed assets	—	282,218
Compensation	4,053,600	—
Miscellaneous expenses	27,220,788	25,051,378
	367,562,945	283,756,585

SCHEDULE '16'

SELLING AND DISTRIBUTION EXPENSES

Commission and brokerage on sales	6,403,872	4,546,921
Advertisement expenses	18,368,798	22,508,151
Courier charges	436,618	579,926
Export insurance charges	2,675,318	3,214,625
ECGC premium	2,742,898	2,559,330
Freight, clearing and forwarding charges	64,477,198	12,057,514
Discount allowed	66,806,003	35,644,398
Sales promotion expenses	60,612,017	23,812,837
	222,522,722	104,923,702

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

SCHEDULE '17'

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 consolidated 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 consolidated 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) 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.

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)	US Dollars	10/03/2004
Suashish Jewels Inc.^	USA	47.62 (100.00)	US Dollars	12/04/2005
Suashish Jewels Canada Inc.	Canada	100.00 (—)	Canadian Dollar	10/02/2011
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
M G Investment	India	70.00 (—)	Indian Rupees	17/01/2011

* 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 up to 14 January 2011 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.

During the year on 14 January 2011, the Company sold its investment in Suashishstar Inc.

^ Subsidiary by virtue of control of the composition of the board of director and ownership of 100% voting power of the Company

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 period of time to get ready for their intended use are capitalised.

e) Depreciation / Amortization

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

Suashish Diamonds Limited

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) is provided as allowable under Income Tax Act, 1961.

Depreciation on assets in Suashish Diamonds (Botswana) (Proprietary) Ltd. is provided on written down value method at the rates and in the manner specified in Botswana Income Tax Act.

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 raw materials 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 changes. 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/ expenses 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 reserves) 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. 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 costs

Borrowing costs 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 and deferred tax. Current income taxes 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) 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

Suashish Diamonds Limited

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.

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, Canada and Botswana. Suashish Diamonds Limited, the parent Company, is listed on The Stock Exchange - Mumbai.

3. Commitments and contingent liabilities not provided for:

Particulars	As on 31/03/2011 (₹)	As on 31/03/2010 (₹)
a) Commitment with HDFC Asset Management Company Limited (PFMS)	—	63,000,000
b) Disputed tax liability:	—	—
i. Sales tax	2,516,895	2,516,895
ii. Income tax	—	162,524
c) Bank guarantees given by banks on behalf of the group / company	4,670,724	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 stock of finished goods (polished diamonds), cost is based on technical estimate by the management to avoid distortion in valuation. 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 on consistent basis though in line with generally accepted industry practice, is a deviation from the method 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, reserves and surplus and inventories as at 31 March 2011, if any, due to the above deviations is not ascertainable.

5. Accounting of investments in associates:

- i. 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'.
- ii. The audited financial statements of the Taruvarsh Leasing Company Private Limited, an associate, for the year ended 31 March 2011 are subject to qualification in the auditor's report, in respect of the following:

No provision has been considered necessary by the management in respect of loans and advances given to a body corporate ₹1,000,000 whose net worth has been fully eroded, as the management is confident of recovering the amount in full.

6. 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 ₹ 2,584,425 (previous year ₹ 2,958,395) 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 2011 is ₹ 37,119,356 (as at 31 March 2010 ₹ 46,378,802).

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 ₹ 4,383,591 (previous year ₹ 4,552,349) 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 2011 is ₹ 243,486,577 (as at 31 March 2010 ₹ 108,964,467).

7. 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 ₹ 218,972,335 (previous year ₹ 152,775,314) shown in Schedule-13, "Cost of Materials" comprises of interest income of ₹ 707,533,475 (previous year ₹ 811,741,746) on fixed deposits, finance cost ₹ 210,537,938 (previous year ₹ 513,585,514) and Exchange rate difference loss ₹ 278,023,202 (previous year ₹ 145,380,919).

8. 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 31/03/2011		As at 31/03/2010	
	Deferred tax assets ₹	Deferred tax liabilities ₹	Deferred tax assets ₹	Deferred tax liabilities ₹
Depreciation	—	25,261,570	—	38,113,905
Provision for doubtful debts	—	—	2,655,086	—
Provision for gratuity	51,634	—	—	—
Expenses allowable on payment basis for tax purpose	1,216,711	—	1,666,147	—
Total	1,268,345	25,261,570	4,321,233	38,113,905
Net deferred tax liabilities	23,993,225		33,792,672	

- ii. Certain subsidiaries have not recognized deferred tax assets (net) 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, such deferred tax assets (net) have not been considered in the consolidated financial statements.

9. Earnings per share:

		Current Year 2010-2011	Previous Year 2009-2010
(i)	Net profit/(loss) after tax available for equity shareholders (₹)	685,218,930	832,103,904
(ii)	Weighted average number of equity shares outstanding during the year (Nos.)	20,763,300	20,763,300
(iii)	Basic and diluted earnings/(loss) per share (₹)	33.00	40.08
(iv)	Nominal value of share (₹)	10.00	10.00

10. 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:

Suashish Diamonds Limited

Sr. No.	Particulars	Outside India	Within India	Total
1.	Segment Revenue			
	Sales and income from operations	8,059,749,868 (10,160,746,012)	2,955,771,674 (2,008,575,008)	11,015,521,542 (12,169,321,020)
2.	Carrying amount of assets by geographical location of assets			
	Segment assets	1,212,197,958 (1,530,893,280)	14,995,101,632 (15,800,141,062)	16,207,299,590 (17,331,034,342)
3.	Additions to fixed assets and intangible assets	15,683,595 (3,732,898)	221,565,916 (4,184,453)	237,249,511 (7,917,351)

Notes:

- 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.
- 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.

11. Related party disclosures:

- Related party relationships:
 - Associates : Suashish Finance Ltd.
Taruvarsh Leasing Company Pvt. Ltd.
Suashish Realty Pvt. Ltd.
 - Key management personnel : Mr. Ashish R. Goenka
Mr. Rajesh R. Kedia
Mr. Pawan kumar Bagla (w.e.f. 03 November, 2010)
Mr. Rajiv M. Somani
 - Relatives of key management personnel : Mrs. Lavina A. Goenka
Mr. Ramesh Kumar S. Goenka
Mrs. Amita Kedia
Mr. Siddharth Kedia
 - 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:

- 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 current year/previous year.

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	18,000 (—)	— (—)	— (—)	177,632 (1,390,710)	195,632 (1,390,710)
Rent expenses incurred	— (—)	24,000 (24,000)	— (—)	164,748 (164,748)	188,748 (188,748)
Sale of polished diamonds	— (—)	— (—)	6,157,517 (9,415,895)	— (—)	6,157,517 (9,415,895)
Managerial remuneration	— (—)	21,645,099 (15,749,845)	— (—)	— (—)	21,645,099 (15,749,845)
Consultancy charges paid	— (—)	— (—)	1,020,096 (971,732)	— (—)	1,020,096 (971,732)
Loans given	50,000 (35,000)	— (—)	— (—)	146,260,970 (121,024,000)	146,310,970 (121,059,000)
Loans given received back	— (675,000)	— (—)	— (—)	45,745,836 (56,806,000)	45,745,836 (57,481,000)
Loan taken	— (—)	210,000,000 (—)	— (—)	— (—)	210,000,000 (—)
Loan repayment	— (—)	210,000,000 (—)	— (—)	— (—)	210,000,000 (—)
Share application money paid	38,000 (25,000)	— (—)	— (—)	— (—)	38,000 (25,000)
Capital introduced in subsidiary entities	199,000 (415,000)	2,287,612,045 (364,189,000)	70,000 (—)	2,50,000 (10,000)	2,288,131,045 (364,614,000)
Capital withdrawn from subsidiary entities	95,000 (191,000)	2,457,706,931 (627,826,353)	— (—)	14,966,449 (615,300)	2,472,768,380 (628,632,653)
Balances receivable as at year end	9,180,015 (9,660,036)	703,905,709 (436,414,125)	— (—)	164,779,134 (111,345,761)	877,864,858 (557,419,922)
Balances payable as at year end	32,699,160 (33,066,250)	— (—)	— (—)	107,043,897 (122,799,415)	139,743,057 (155,865,665)

Note: Figures in the brackets are of 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 2010-2011 (₹)	Previous Year 2009-2010 (₹)
Reimbursements made towards expenses		
Suashish Diamdeal (India) Ltd.	66,285	365,495
Goenka Laser House Private Ltd.	68,785	365,495
Suashish Realtors Private Ltd.	25,625	331,566
Suashish Properties Private Ltd.	—	328,154
Rent expense incurred		
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.	42,732	42,624
Sale of polished diamond		
Mrs. Lavina A. Goenka	6,157,517	9,415,895
Managerial remuneration		
Mr. Ashish R. Goenka	13,500,000	10,700,000
Mr. Rajiv M. Somani	7,263,023	4,778,809
Consultancy charges paid		
Mrs. Amita Kedia	275,400	320,000
Mr. Siddharth Kedia	744,696	651,332
Loan given		
Suashish Diamdeal (India) Ltd.	63,478,188	—
Suashish Properties Private Ltd.	52,169,305	71,909,000
Suashish Realtors Private Ltd.	30,248,477	48,774,000
Loan given received back		
Suashish Properties Private Ltd.	26,890,000	33,896,000
Suashish Realtors Private Ltd.	18,213,197	22,910,000
Share application money paid		
Suashish Finance Ltd.	38,000	25,000
Capital introduced in subsidiary entities		
Mr. Ashish R. Goenka	2,187,513,212	364,189,000
Capital withdrawn from subsidiary entities		
Mr. Ashish R. Goenka	2,457,556,931	627,826,353
Loan taken from Director		
Mr. Ashish R. Goenka	210,000,000	—
Loan repayment to Director		
Mr. Ashish R. Goenka	210,000,000	—
Balances receivable as at year end		
Mr. Ashish R. Goenka	703,905,709	432,574,363
Balances payable as at year end		
Taruvarsh Leasing Company Pvt. Ltd.	32,699,160	33,066,250
Rameshkumar Goenka (HUF)	107,042,228	108,246,279

The working capital facilities of ₹ 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.

12. Managerial remuneration:

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

	Current Year 2010-2011 ₹	Previous Year 2009-2010 ₹
Salaries, bonus and allowances	12,752,874	9,828,245
Contribution to provident funds and other funds	192,225	21,600
Commission	87,00,000	5,900,000
Total	<u>21,645,099</u>	<u>15,749,845</u>

13. 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:

Future minimum lease payments payable for the period	As at 31/03/2011 ₹	As at 31/03/2010 ₹
Not later than one year	7,585,424	4,667,325
Later than one year and not later than five years	9,495,826	3,433,729
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 ₹8,156,869 (previous year ₹6,326,566).

- 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 cancellable operating lease. The amount of minimum lease payments received with respect to the above leases and recognised in the profit and loss account for the year is ₹21,444,864 (previous year ₹19,238,274).

14. 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.

15. 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'

FOR **SURESH SURANA & ASSOCIATES**
Chartered Accountants

Nirmal Jain
PARTNER
Membership No. 34709

Mumbai; Dated: 5 July 2011

On behalf of the Board of directors

Ashish R. Goenka Chairman and Managing Director
Pawan Bagla Executive Director
Rajesh R. Kedia Whole-time Director
Srikant Mohan Company Secretary

Mumbai; Dated: 5 July 2011

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
2.	Financial Year ended on	31.3.2011	31.3.2011	31.3.2011	31.3.2011	31.3.2011
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
	b) Face Value per Share	Pula 1	US\$ 1	US\$ 1	US\$ 10,000	₹ 10
	c) Percentage of holding	100	100	100	47.62	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	(43,079,448)	42,990,583	(4,842,837)	16,664,725	376,106,609
	b) For the Previous Financial Year since it became a subsidiary.	(14,540,232)	17,357,338	(4,637,561)	15,293,519	240,998,082
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	NIL
	b) For the Previous Financial period since it became a subsidiary.	NIL	NIL	NIL	NIL	NIL

Note:

1. Suashish Star Inc., ceased to be a subsidiary with effect from 31st January, 2011.
2. A new Wholly-owned subsidiary Suashish Jewels Canada Inc., was incorporated on 10th February, 2011. The first year of its incorporation has not been completed and hence the accounts are yet to be prepared.

On behalf of Board of Directors

Ashish R. Goenka

Managing Director

Rajeshkumar R. Kedia

Wholetime Director

Mumbai, 5 July, 2011

SUASHISH DIAMONDS LTD.

Registered Office : Mehta Mahal, 11th 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 23rd Annual General Meeting of the Company at Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6th Floor, 12, K. Dubhash Marg, Fort, Mumbai - 400 001 on Thursday, the 29th day of September, 2011 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.

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SUASHISH DIAMONDS LTD.

Registered Office : Mehta Mahal, 11th 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 23rd Annual General Meeting of the Company to be held at Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6th Floor, 12, K. Dubhash Marg, Fort, Mumbai - 400 001 on Thursday, the 29th day of September, 2011 at 11.00 a.m. and at any adjournment thereof.

on _____, _____, 2011.

Signed this day of 2011.

DP/Client I.D. No.

Ledger Folio No.

No. of Shares held

Please
affix
15 Paise
Revenue
Stamp

Signature(s) of the Shareholder(s)

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.

BOOK POST



suashish

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