



suashish

Suashish Diamonds Limited

24TH ANNUAL REPORT 2011-12

Suashish Diamonds Limited

GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. Ashish R. Goenka	Chairman & Managing Director
Mr. Rajeshkumar R. Kedia	Whole-time Director
Mr. Pawan S. Bagla	Executive Director
Mr. Kamal R. Gupta	Non - Executive Director
Mr. Nilesh B. Mehta	Non - Executive Director
Mr. Shailesh S. Vaidya	Non - Executive Director upto July 26, 2012

COMPANY SECRETARY

Mr. Srikant Mohan
Upto May 31, 2012

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 Bank
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 Fourth Annual General Meeting of the Members of **SUASHISH DIAMONDS LIMITED** will be held at Suashish Diamonds Industrial Estate, CTS No. 78-A/6, Plot No. 3, Ground Floor, Dattapada Road, Borivali (East), Mumbai – 400 066 on Thursday, the 27th day of September, 2012 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, 2012, 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. Pawankumar S. Bagla, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Nilesh B. Mehta, 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:
“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act (including any statutory modification(s) or re-enactment thereof, for the time being in force), including any amendments made thereto from time to time, and as recommended by the Remuneration Committee of the Company and the consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Rajeshkumar R. Kedia as Whole-time Director of the Company for a further period of three years with effect from 11th February, 2012 on the existing terms and conditions as mentioned hereunder:

Basic Salary	:	Rs. 15,000/- per month in the scale of Rs. 15,000/- to Rs. 40,000/- per month
Provident Fund	:	Contribution to provident fund as per the rules of the Company for the time being in force
Gratuity	:	As per the rules of the Company

Such other benefits, amenities and facilities as per the Company rules.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the currency of tenure of service of Mr. Rajeshkumar R. Kedia as a Whole-time Director of the Company, the aforesaid remuneration be paid to him as a minimum remuneration as provided in Section II of Part II of Schedule XIII of Companies Act, 1956.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded for authorizing the Board of Directors or Remuneration Committee to alter and vary the terms and conditions of re-appointment of Mr. Rajeshkumar R. Kedia including remuneration as the Board of Directors or Remuneration Committee may deem fit and as may be agreed to by Mr. Rajeshkumar R. Kedia, provided however that any revision / increase in remunerations shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made thereto.

RESOLVED FURTHER THAT Mr. Ashish R. Goenka, Chairman & Managing Director be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper for the purpose of giving effect to this resolution.”

- 6) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act (including any statutory modification(s) or re-enactment thereof, for the time being in force), including any amendments made thereto from time to time, and as recommended by the Remuneration Committee of the Company, the consent of the Members of the Company be and is hereby accorded to re-appointment of Mr. Ashish R. Goenka as Managing Director of the Company for a further period of three years with effect from 1st September, 2012 on the existing terms and conditions and as mentioned hereunder:

Basic Salary	:	Rs. 4,00,000/- per month or Rs. 48,00,000 per annum; and
Commission	:	2% of the net profit

Provided however that the sum total of the aforesaid remuneration payable to Mr. Ashish R. Goenka in any Financial Year shall be restricted to the maximum ceiling limit of 5 % of Net Profits of the Company as per the provision of Section 309(3) read with Section 198 and Section I of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of absence or inadequacy of Profit in any financial year during the currency of tenure of service of Mr. Ashish R. Goenka, Managing Director of the Company, the aforesaid remuneration by way of Basic Salary of Rs. 4,00,000/- per month or Rs. 48,00,000/- per annum only be paid to him as minimum remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded for authorizing the Board of Directors or Remuneration Committee to alter and vary the terms and conditions of re-appointment of Mr. Ashish R. Goenka including remuneration as the Board of Directors or Remuneration Committee may deem fit and as may be agreed to by Mr. Ashish R. Goenka, provided however that any revision / increase in remunerations shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made thereto.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Director of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

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, the 21st September, 2012 to Thursday, the 27th September, 2012 (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 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 2005 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) 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.

For and on Behalf of the Board of Directors

Ashish R. Goenka
Chairman &
Managing Director

Registered Office:

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

Mumbai, 23rd August, 2012

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 23RD AUGUST, 2012

Item No. 5

The terms of office of Mr. Rajeshkumar Kedia as the Whole-time Director of the Company had expired on 10th February, 2012. As per the recommendation of Remuneration Committee, the Board of Directors at their meeting held on 9th February, 2012 have re-appointed Mr. Rajeshkumar Kedia as a Wholetime Director for a further period of three years with effect from 11th February, 2012 subject to the approval of members.

The terms contained in the resolution may be treated as an abstract as required under Section 302 of the Companies Act, 1956.

The Board recommends the resolution for your approval.

None of the Directors except Mr. Rajeshkumar Kedia is concerned or interested in the said resolution.

Item No. 6

The terms of office of Mr. Ashish R. Goenka as the Managing Director of the Company will expire on 31st August, 2012. As per the recommendation of Remuneration Committee, the Board of Directors at their meeting held on 13th August, 2011 have re-appointed Mr. Ashish R. Goenka as a Managing Director for a further period of three years with effect from 1st September, 2012 subject to the approval of members.

The terms contained in the resolution may be treated as an abstract as required under Section 302 of the Companies Act, 1956.

The Board recommends the resolution for your approval.

None of the Directors except Mr. Ashish R. Goenka is concerned or interested in the said resolution.

For and on Behalf of the Board of Directors

Ashish R. Goenka
Chairman &
Managing Director

Registered Office:

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

Mumbai, 23rd August, 2012

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 S. 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 22 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	Nilesh B. Mehta
Date of Birth	24 th April, 1962
Date of Appointment	1 st July, 2010
Qualification	Chartered Accountant and PG Diploma in Management from Indian Institute of Management, Ahmedabad
Expertise	Overall experience in the area of Financial Services like Investment Banking, Venture Capital / Private Equity and Corporate Strategy
Directorship of other Companies	1. Panchalmahal Steel Ltd. 2. Jyothy Laboratories Ltd. 3. Jyothy Consumer Products Ltd.
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Chairman – Audit Committee – Jyothy Laboratories Ltd Member – Remnueration Committee – Jyothy Laboratories Ltd Member – Audit Committee & Remnueration Committee – Panchalmahal Steel Ltd

Name of the Director	Rajeshkumar 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
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Member – Audit Committee & Shareholder's/Investor's Grievance Committee – Suashish Diamonds Ltd

Name of the Director	Ashish R. Goenka
Date of Birth	16 th February, 1970
Date of Appointment	1 st September, 1994
Qualification	B.com
Expertise	Expertise in Accounts, Finance, Marketing and vast knowledge and experience in Diamond Industry.
Directorship of other Companies	1. Suashish Finance Ltd. 2. Suashish Diamdeal (India) Ltd.
Shareholding in the Company	2.89 %
Committee Membership / Chairmanship	Member – Remuneration Committee – Suashish Diamonds Ltd

Directors' Report

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Accounts for the year ended 31st March, 2012.

Financial Results

	Year ended 31.03.2012	(Rs. in million) Year ended 31.03.2011
Sales and other income	11826.88	11137.62
Operating profit before Finance cost and Depreciation	772.94	940.19
Less : Depreciation	37.91	26.88
Less: Finance Cost	298.50	129.62
Profit / (Loss) before exceptional item & tax	436.53	783.69
Less: Exceptional items:		
Loss on sale of a Subsidiary (Long Term Investment)	—	17.63
Profit / (Loss) after exceptional item and before taxation	436.53	766.06
Less: Current Tax	72.50	160.00
Deferred Tax (Benefit) / Expenses	1.21	(14.48)
Mat Credit Entitlement	(11.13)	—
Prior year tax adjustment	(1.13)	1.96
Profit / (Loss) after tax	375.08	618.58
Addition to Amalgamation Reserve	376.11	—
Balance brought forward from the previous year	3126.86	2508.29
Balance carried to Balance Sheet	3878.05	3126.86
Earnings per share (in Rs.)	18.06	29.79

Dividend

Keeping in mind the need to conserve resources, your Directors do not recommended any dividend for the year ended 31st March, 2012.

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" was fixed as 1st April, 2011. The said scheme of amalgamation was duly approved by the Hon'ble High Court Bombay vide its Order dated 20th January, 2012.

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 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.

As per Section 212 of the Companies Act, 1956, we are required to attach Directors' Report, Balance Sheet and Profit & Loss Accounts of our Subsidiaries. The Ministry of Corporate Affairs, Government of India vide Circular no. 2/2011 dated February 8, 2011 has provided an exemption to Companies from complying with Section 212, provided such Companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2011-12 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 to any Auditors' observation in Auditors' Report, Members may read Note forming part of the Accounts, which is self-explanatory.

Directors

Mr. Pawankumar S. Bagla and Mr. Nilesh B. Mehta retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment.

The existing tenure of Mr. Rajeshkumar Kedia as the Whole-time Director had expired on 10th February, 2012. The Board at its meeting held on 9th February, 2012 has re-appointed Mr. Rajeshkumar Kedia as a Whole-time Director of the Company for a further period of three years w.e.f 11th February, 2012. The Board of Directors recommends his re-appointment.

Further, the existing tenure of Mr. Ashish R. Goenka as the Managing Director will expire on 31st August, 2012. The Board at its meeting held on 13th August, 2012 has re-appointed Mr. Ashish R. Goenka as the Managing Director of the Company for a further period of three years w.e.f 1st September, 2012. The Board of Directors recommends his re-appointment.

Mr. Shailesh Vaidya, Director of the Company has resigned from the Directorship of the Company w.e.f 26th July, 2012. The Board of Directors placed on record their sincere appreciation for the valuable contribution made by Mr. Shailesh Vaidya during his tenure 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, 2012; 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, 2012 and of the profit or Loss of the Company for the year ended 31st March, 2012;
- (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, 2012 have been prepared on a going concern basis.

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, 2012 are appended herewith.

Suashish Diamonds Limited

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 Compliance Officer 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

Ashish R. Goenka
Chairman &
Managing Director

Place: Mumbai
Date: 23rd August, 2012

ANNEXURE TO DIRECTORS' REPORT

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

A. Conservation of energy.

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

B. Technology Absorption.

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

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

C. Foreign Exchange Earnings and Outgo

	(Rs. in million)	
	2011-12	2010-11
Earnings in Foreign Exchange	7611.35	7000.79
Expenditure in Foreign Exchange	9359.45	8210.13

For and on behalf of the Board of Directors

Ashish R. Goenka
Chairman &
Managing Director

Place: Mumbai
Date: 23rd August, 2012

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 was comprised of six members during the year 2011-12 and had an optimum combination of Executive and Non-Executive Directors and Independent Directors, which was 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. Mr. Ashish R. Goenka was re-designated as the Chairman and Managing Director of the Company w.e.f 7th June, 2011 after the resignation Mr. Rameshkumar Goenka from the post of Chairman and Non-executive Director of the Company.

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. Six Board Meetings were held during the year on 14th May, 2011; 7th June, 2011; 5th July, 2011; 10th August, 2011; 9th November, 2011 and 9th February, 2012.

Name of the Director	Executive/ Non-Executive Independent/ Promoter	No. of Board Meetings attended	Attended Annual General Meeting (29.09.2011)	No. of Directorships held in other Public Limited Companies [#]	No. of Board Committees held in other Public Limited Companies as a Member/ Chairman [#]
Rameshkumar Goenka* (Chairman)	Non-Executive, Promoter	Nil	NA	Nil	Nil
Ashish R. Goenka (Chairman & Managing Director)	Executive, Promoter	6	Yes	2	Nil
Rajeshkumar R. Kedia	Executive	6	Yes	2	Nil
Pawankumar Bagla	Executive	6	Yes	1	Nil
Kamal R. Gupta	Non-Executive, Independent	5	Yes	Nil	Nil
Shailesh S. Vaidya	Non-Executive, Independent	6	No	12	6
Nilesh Mehta	Non-Executive, Independent	1	No	3	2
Ashok Kumar Dugade **	Non-Executive, Independent	1	NA	1	Nil

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

* Ceased to be a Director w.e.f. 07/06/2011 and

** Ceased to be a Director w.e.f. 05/07/2011.

3. Audit Committee

The Audit Committee comprised 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, during the year. 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 was the Secretary of the Audit Committee, during the year 2011-12.

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

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

14th May, 2011; 5th July, 2011; 10th August, 2011; 9th November, 2011 and 9th February, 2012.

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

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

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

4. Remuneration Committee

A separate Remuneration Committee has been constituted with effect from 27th October, 2008. This is a non mandatory requirement of clause 49 of the Listing Agreement. One meeting of the committee was held on 9th February, 2012.

The Remuneration Committee was 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, during the year 2011-2012. 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, 2012 and their terms of appointment are as under:

Remuneration of Directors

Name of the Directors	Category	Salary (Rs.)	Provident Fund Contribution	Commission	Sitting Fees	Total
Mr. Rameshkumar S. Goenka	Non-Executive, Promoter	—	—	—	—	—
Mr. Ashish R. Goenka	Executive, Promoter	4,800,000	—	3,800,000	—	8600,000
Mr. Rajeshkumar R. Kedia	Executive	369,708	21,600	—	—	391,308
Mr. Pawankumar Bagla	Executive	1,063,820	89,280	—	—	1,153,100
Mr. Kamal R. Gupta	Non-Executive, Independent	—	—	—	50,000	50,000
Mr. Shailesh S. Vaidya	Non-Executive, Independent	—	—	—	60,000	60,000
Mr. Nilesh Mehta	Non-Executive, Independent	—	—	—	10,000	10,000
Mr. Ashok Kumar Dugade	Non-Executive, Independent	—	—	—	10,000	10,000
Total		6,233,528	110,880	3,800,000	130,000	10,274,408

5. Related Party Transactions

Transactions with related parties are disclosed in Note No. 38 to the Financial Statements.

6. Shareholders' / Investors' Grievance Committee

The Board has constituted the Shareholders' / Investors' Grievance Committee to monitor the redressal of the shareholders / investors grievance. The Committee consisted of three Directors, during the year 2011-12.

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.

Suashish Diamonds Limited

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, 2012, no shares were pending for transfer for more than 15 days.

Details of Investors' Complaints received during the year from 1st April, 2011 to 31st March, 2012 is mentioned hereunder:

Type of Complaint	Inward	Outward	Pending
Non-receipt of Annual Report	1	1	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
2010-2011	Thursday, 29 th September, 2011	11:00 a.m.	Oricon House, Maharashtra Chamber of Commerce, Industry & Agriculture, 6th Floor, 12, K. Dubhash Marg, Fort Mumbai – 400 001	No
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. Reappointment 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.

b) None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing of 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 15 of the Financial Statements.
- 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.

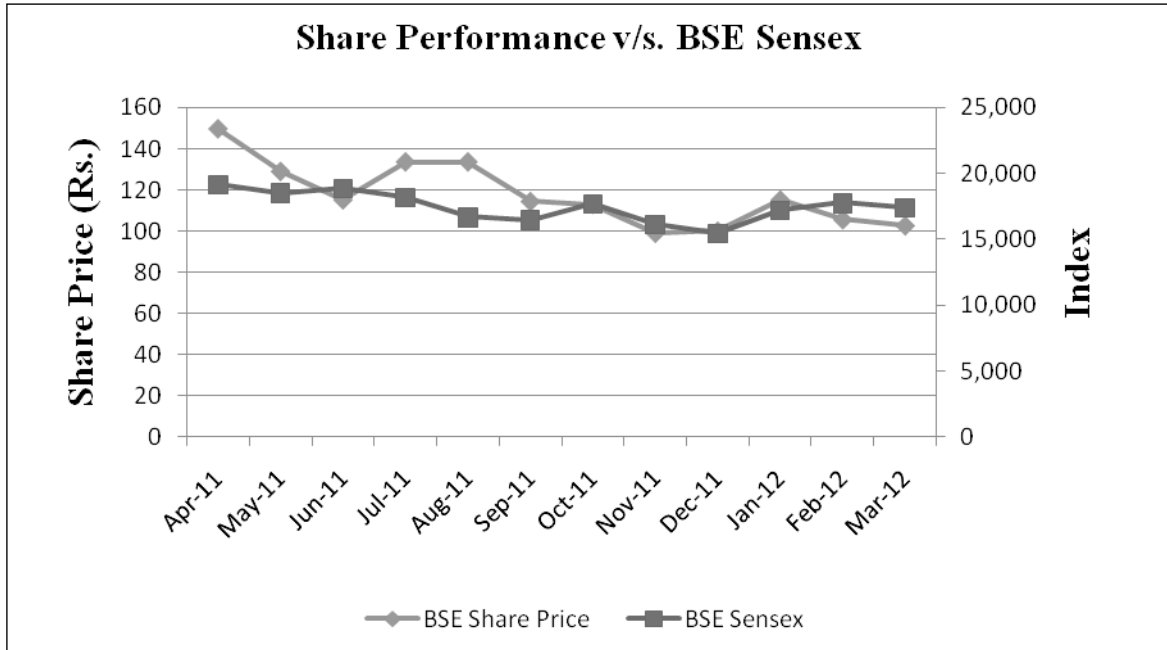
10. General shareholders information

- a) **24th Annual General Meeting**
Date 27th September, 2012
Time 11:00 a.m.
Venue Suashish Diamonds Industrial Estate, CTS No. 78-A/6, Plot No. 3, Ground Floor, Dattapada Road, Borivali (East), Mumbai – 400 066
- b) **Financial Year** April, 2012 to March, 2013
- c) **Financial Calendar** Results for quarter ending June 30, 2012 declared on 13th Aug, 2012
 Results for quarter ending Sept 30, 2012 By end of 15th Nov, 2012
 Results for quarter ending Dec 31, 2012 By end of 15th Feb, 2012
 Results for quarter ending Mar 31, 2013 By end of 15th May, 2013
- d) **Date of Book Closure** Friday, 21st September, 2012 to
 Thursday, 27th September, 2012 (Both Days Inclusive)
- e) **Registered Office** Mehta Mahal, 11th 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
- h) **Registrar and 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 No: 022 - 6772 0300/ 6772 0400
 Fax No: 022 - 2837 5646
- 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, 2012, 20704008 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 (Rs.)	Low (Rs.)	Volume (No. of Shares)
April, 2011	155.50	132.15	2,03,600
May, 2011	150.00	122.00	1,46,289
June, 2011	133.50	109.00	21,846
July, 2011	142.20	116.70	1,01,512
August, 2011	137.95	111.55	5,60,258
September, 2011	129.90	110.30	20,257
October, 2011	123.00	112.00	20,315
November, 2011	124.45	96.55	36,998
December, 2011	120.80	88.10	15,447
January, 2012	127.50	94.00	92,648
February, 2012	130.00	99.00	90,816
March, 2012	113.85	100.00	84,184

11. Stock Performance v/s. BSE Sensex



a) Distribution of Shareholding as on 31st March, 2012:

Shareholding	No. of Shareholders	Percentage	No. of Shares held	Percentage
Less than 500	2498	87.772	267523	1.288
501 – 1,000	146	5.130	110064	0.530
1,001 – 2,000	82	2.881	113047	0.544
2,001 – 3,000	21	0.738	52368	0.253
3,001 – 4,000	14	0.492	49007	0.236
4,001 – 5,000	12	0.422	57665	0.278
5,001 – 10,000	27	0.949	190414	0.917
10,001 and above	46	1.616	19923212	95.954
	2846	100.000	20763300	100.000

b) Shareholding Pattern as on 31st March, 2012:

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			

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	2	49992	49892	0.24	0.24
(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)	2	49992	49892	0.24	0.24

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	153	1033812	1031311	4.98	4.98
(b)	Individuals -					
	i. Holding nominal share capital upto Rs. 1 lakh.	2633	691195	634504	3.33	3.33
	ii. Holding nominal share capital in excess of Rs. 1 lakh.	16	400375	400375	1.93	1.93
(c)	Any Other (specify)					
	Individual Non-Resident Individual					
	Foreign National	—	—	—	—	—
	Overseas Corporate Bodies	—	—	—	—	—
	Foreign Bodies	23	19116	19116	0.09	0.09
	Trust	1	10	10	0.00	0.00
	Sub-Total (B)(2)	2826	2144508	2085316	10.33	10.33
	Total Public Shareholding (B)= (B)(1)+(B)(2)	2828	2194500	2135208	10.57	10.57
	TOTAL (A)+(B)	2846	20763300	20704008	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued					
	1 Promoter and Promoter Group	—	—	—	—	—
	2 Public	—	—	—	—	—
	GRAND TOTAL (A)+(B)+(C)	2846	20763300	20704008	100.00	100.00

(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 a 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	RELIGARE FINVEST LTD	467276	2.25
	TOTAL	467276	2.25

(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, 2012.

For **Suashish Diamonds Limited**

Ashish R. Goenka
Chairman &
Managing Director

Mumbai, 23rd August, 2012

Suashish Diamonds Limited

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, 2012 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

Mumbai, 23rd August, 2012

Prashant Kumar De
Chief Financial Officer

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 2012, 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 the compliance of 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.: 5138

Mumbai, 23 August 2012

Management Discussion & Analysis

General Performance Review

India's economic growth is estimated at 6.9 per cent in 2011-12; growth momentum is expected to pick up in next two fiscals to 7.6 per cent 2012-13 and 8.6 per cent in 2013-14.

The RBI is expected to lower policy interest rates, as inflationary pressures are expected to ease in coming months; a low interest rate regime to encourage investment activity and push forward economic growth.

Slowdown in Indian economy largely due to global factors, as also because of domestic factors like tightening of monetary policy, high inflation and slower investment and industrial activities.

India remains one of the fastest growing economies of the world; Country's sovereign credit rating rose by a substantial 2.98 per cent 2007-12. Exports grew by 40.5 per cent in the first half of this fiscal and imports grew by 30.4 per cent; Foreign trade performance to remain key driver of growth. Forex reserves expanded further, covering almost the entire external debt stock to the country.

Industry Structure and Development:

The Indian gem and Jewellery industry has witnessed a marginal decline of 0.36% in FY 2011-2012 owing to the decrease in trading exports of diamonds.

The total gem & Jewellery industry exports were recorded at US\$ 42839 million (INR 204823 Crores) in FY 2011-12 as compared to US\$ 42995 million (INR 195735 Crores) in April 2010 – March 2011. Though in dollar terms there is a marginal drop of .36%, the exports mark an increase of 4.6% in rupee value. The gem & Jewellery sector accounted for 14% of India's total merchandise exports in FY 2011-2012.

The growth in the sector was primarily driven by Gold Jewellery which registered an increase of 30% in FY '12. The exports grew from US\$ 12695 million (INR 57747.67 Crores) in 2010-2011 to US\$ 16517 million (INR 79430.26 Crores) in 2011-2012.

Cut and Polished Diamonds (CPD) witnessed a decline of 17.3% with exports decreasing from US\$ 28217 million in 2010-2011 to US\$ 23329 million in 2011-2012. Coloured gemstone exports witnessed an increase of 9.10% in dollar terms with sector recording growth from US\$ 314.20 million in 2010-2011 to US\$ 342.80 million in 2011-2012.

UAE was the largest exporting destination with 44% of Exports to the market, followed by Hong Kong with 25% and USA with 12% of exports.

There has been a substantial decline in import of polished diamonds during January to March 2012 more than 70% in a month post introduction of 2% duty on C&PD. In the annual figure the decline is 30% in 2011-12 in comparison to previous year. It is expected that the total import of polished diamonds at US\$14.3 bn in 2011-12 may eventually come down significantly in 2012-13.

Exports & Imports

Exports of Cut and Polished diamonds decreased to \$23.33 billion (Rs. 110,979 Crores) in 2011-12 from \$28.22 billion (Rs. 128,514 Crores) in 2010-11. The import of Cut and Polished diamonds also decreased to \$14.37 billion (Rs. 67,865 Crores) in 2011-12 from \$ 20.81 billion (Rs. 94,726 Crores) in 2010-11.

Rough Diamond imports in the country increased by 26% from \$ 15.13 billion (Rs. 72,161 Crores) in 2011-12 from \$11.98 billion (Rs. 54,564 Crores) in 2010-11 indicating stable growth of trade at the manufacturing level and growth in exports."

Company's Financial Performance

The company has recorded a gross sale of Rs. 11568.99 million during the current accounting year ended 31st March, 2012 as against Rs. 10208.56 million for the previous year.

The Profit Before Tax (PBT) for the current accounting period was Rs. 4,36.53 million (Profit of Rs. 766.06 million for year ended 31st March, 2011) and the Profit After Tax (PAT) of Rs. 375.08 million (Profit of Rs. 618.58 million for the year ended 31st March, 2011).

Rs. in million

Particulars	2012	2011	2010	2009
	12 Months	12 Months	12 Months	12 Months
Sales	11568.99	10208.56	12630.68	7524.75
Profit / (Loss) Before Tax	436.53	766.06	894.51	(648.96)
Profit / (Loss) After Tax	375.08	618.58	703.99	(598.26)
EPS (Rs.)	18.06	29.79	33.91	(28.81)

Looking Ahead

The Company is constantly looking to work closely with its customers, build long term relations and expand its sales to existing and new customers around the World.

The Company is working closely with leading Jewellery retailers and distributors around the World and is constantly in touch with the end-consumer markets to have an in-depth understanding of requirements and retail trends. The insights gained are constantly used to develop and fine-tune products and services for its customers.

The Company's focus on having a deeper understanding of its Customer and its Customers customer, has helped in creating customer loyalty with high repeat sales.

The Company has seen good demand for its products from the important US market and has been quickly gaining market share in the growing India and Far East markets. Demand from Europe and Middle East have been flat.

The Company is also constantly investing in developing more markets like Australia, South Africa, Russia among others.

Diamond Business

The Company is a Sightholder of DTC International and DTC Botswana and is assured of continued supply of rough diamonds for growing its business. The Company also directly purchases rough diamonds from several other junior miners, producing countries and from the open markets based on its requirements from its customers. The assured supply of raw material allows the Group to strategies effectively and aggressively target and market its products and services to leading customers world-wide.

The Company has been investing in increasing its manufacturing efficiency by incorporating techniques to decrease the manufacturing lead time and manufacture diamonds based on Customer requirements and insights gathered from different points in the pipeline.

Overall the diamond manufacturing sector has been under pressure with lower profits due to high rough diamond costs, exchange rate fluctuations and weak demand from the European and Middle Eastern markets. The Company through the above measures is working to increase operating efficiencies in order to improve profit margins going forward.

Jewellery Business

The Company works with several large multiple retail chains in the US, Canada, UK and other markets around the World. The Company has seen good growth in its Jewellery business with robust demand from existing customers and expansion of its customer base to several new markets like Australia, South Africa etc.

The Company's increased and enhanced product offering with bespoke services have made it a Supplier of Choice to some of the leading Jewellery retail chains. The Company has also invested heavily in building its E-commerce business in association with retail partners in the US and Canada.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Opportunities and Challenges

The Company foresees Opportunities in

- Leveraging its deep relationships with leading multiple retailers around the World to grow sales
- Good growth in emerging markets like India, China, Hong Kong and Russia on the back of continuing economic growth leading to increase in purchasing power.
- High Growth in E-Commerce sales of Jewellery
- Diamond manufacturing presence in Botswana assuring a long term supply of rough diamonds for the business

Challenges

- The Euro-zone and its impact on the Global economy.
- Volatility in raw material costs (Gold, Silver, Diamonds) and Exchange rates.
- Inflationary pressures and slow policy making in India leading to increased Labour costs and slow growth in local demand and consumption.

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.

Suashish Diamonds Limited

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 the Diamond Trading Company's (DTC) Best Practice Principles. The Group's Hong Kong subsidiary Suashish Diamonds (HK) Ltd is also a certified member of the Responsible Jewellery Council (www.responsiblejewellery.com)

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

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 2012, statement of profit and loss and cash flow statement of the Company for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, on the basis of such checks of books of account and records of the Company, as we considered necessary and appropriate, and according to information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet, statement of profit and loss 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 15;
 - e) Attention is drawn to note 22 regarding income on buyer's credit comprising of interest income on fixed deposits and finance cost on buyers credit adjusted in "Cost of materials consumed / sold";
 - f) On the basis of written representations received from the directors of the Company, as on 31 March 2012 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - g) 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 2012 could not be ascertained*, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required subject to and comment in paragraph 4(e) above, 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 2012;
 - ii. in the case of statement of profit and loss, 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: 23rd August, 2012

**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 six companies during the current year. The maximum amount involved during the year was Rs. 173,927,038 and year-end balance was Rs. 46,162,700.
- (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 Rs. 244,500,000 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 and fixed assets and for the sale of goods and services. During the course of our audit, we have neither been informed nor have we 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 Rs. 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) According to the information and explanations given to us, the Company is in process of updating its records made and maintained pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act. However we have not made a detailed examination of records.

- (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 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 income tax and sales tax are as under:

Name of the statute	Amount (Rs.)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	1,447,592	2007-08	CIT Appeals
Bombay Sales Tax act	1,656,656	1993-94	Appellate Tribunal
Bombay Sales Tax Act	307,748	1994-95	Appellate Tribunal
Finance Act – Service tax	37,341,208	2006-07 to 2010-11	Commissioner Service tax

- (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: 23rd August, 2012

Balance Sheet

As at 31 March, 2012

	Note No.	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	208,120,500	208,120,500
Reserves and surplus	3	7,106,433,519	6,355,249,208
		<u>7,314,554,019</u>	<u>6,563,369,708</u>
Non-current liabilities			
Deferred tax liabilities (Net)	4	21,843,661	13,730,220
Long-term provisions	5	4,002,822	2,800,955
		<u>25,846,483</u>	<u>16,531,175</u>
Current liabilities			
Short-term borrowings	6	3,475,236,904	9,279,119,269
Trade payables	7	289,271,179	299,166,511
Other current liabilities	8	550,990,903	191,343,007
Short-term provisions	9	1,318,925	952,838
		<u>4,316,817,911</u>	<u>9,770,581,625</u>
TOTAL		<u>11,657,218,413</u>	<u>16,350,482,508</u>
ASSETS			
Non-current assets			
Fixed assets	10		
(i) Tangible assets		381,922,918	281,256,203
(ii) Intangible assets		4,518,457	1,619,851
(ii) Capital work-in-progress		17,334,202	2,579,759
Non-current investments	11	3,945,791,311	3,759,705,740
Long-term loans and advances	12	53,667,858	4,699,001
Other non-current assets	13	2,713,830	457,119,442
		<u>4,405,948,576</u>	<u>4,506,979,996</u>
Current assets			
Current investments	14	1,526,035	400,000,000
Inventories	15	1,439,807,690	821,154,655
Trade receivables	16	2,274,470,407	719,667,015
Cash and bank balances	17	2,788,533,833	8,856,059,113
Short-term loans and advances	18	395,042,795	669,748,429
Other current assets	19	351,889,077	376,873,300
		<u>7,251,269,837</u>	<u>11,843,502,512</u>
TOTAL		<u>11,657,218,413</u>	<u>16,350,482,508</u>

Summary of significant accounting policies

1

The accompany notes are an integral part of the financial statements

As per our report of even date attached

On behalf of the Board of directors

For **SURESH SURANA & ASSOCIATES**

Chartered Accountants

(Nirmal Jain)

Partner

Membership No.: 34709

Mumbai; Dated: 23rd August, 2012

Ashish R. Goenka

Rajesh R. Kedia

Chairman & Managing Director

Wholetime Director

Mumbai; Dated: 23rd August, 2012

Statement of Profit and Loss Account

For the year ended 31 March, 2012

	Note No.	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
Revenue from operations	20	11,568,987,977	10,208,561,175
Other income	21	257,891,622	929,055,537
Total Revenue		11,826,879,599	11,137,616,712
Expenses:			
Cost of materials	22	10,507,033,400	9,344,841,228
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(218,439,976)	420,879,958
Employee benefits expense	24	102,694,247	65,469,200
Finance costs	25	298,503,065	129,618,453
Depreciation and amortization expense		37,907,289	26,883,901
Other expenses	26	662,654,789	366,230,974
Total expenses		11,390,352,814	10,353,923,714
Profit before exceptional item and tax		436,526,785	783,692,998
Exceptional item:			
– Loss on sale of investment in subsidiary company		—	(17,633,750)
Profit before tax		436,526,785	766,059,248
Tax expense:			
Current tax		(72,500,000)	(160,000,000)
Less: MAT credit entitlement		11,134,679	—
Deferred tax		(1,214,464)	14,476,462
Prior year tax adjustments (net)		1,130,702	(1,960,517)
		(61,449,083)	(147,484,055)
Profit for the year		375,077,702	618,575,193
Earnings per equity share:			
(1) Basic		18.06	29.79
(2) Diluted		18.06	29.79
Nominal value of equity shares		10.00	10.00

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

On behalf of the Board of directors

For SURESH SURANA & ASSOCIATES

Chartered Accountants

Ashish R. Goenka

Chairman & Managing Director

(Nirmal Jain)

Rajesh R. Kedia

Wholetime Director

Partner

Membership No.: 34709

Mumbai; Dated: 23rd August, 2012

Mumbai; Dated: 23rd August, 2012

Suashish Diamonds Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax and exceptional items	436,526,785	783,692,998
Adjustments for:		
Depreciation/amortisation	37,907,289	26,883,901
Unrealised exchange difference (net)	59,316,091	142,478,505
Loss / (Profit) on sale of fixed assets (net)	(2,727,862)	(1,066,077)
Interest expense	160,375,798	73,353,921
Interest / dividend income received	(212,518,056)	(134,277,085)
Operating profit before working capital changes	478,880,045	891,066,163
Changes in current assets and current liabilities		
Trade and other receivables	(1,123,878,652)	378,261,716
Inventories	(569,926,211)	455,667,060
Trade payables and other trade liabilities	352,030,796	(175,105,125)
	(1,341,774,067)	658,823,651
Cash generated from/ (used in) operations	(862,894,022)	1,549,889,814
Direct taxes paid	(107,184,699)	(80,968,127)
Net cash generated from / (used in) operating activities	(A) (970,078,721)	1,468,921,687
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments made for purchase of fixed assets/ capital expenditure	(58,415,231)	(8,272,543)
Sale of fixed assets	7,100,670	1,582,163
Changes in investments (net)	211,888,394	(1,822,142,182)
Loans granted / received back (net)	(2,253,676)	(570,870)
Interest and dividend income	210,572,031	125,877,748
Net cash generated from / (used in) investing activities	(B) 368,892,188	(1,703,525,684)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (decrease) in borrowings (net)	(5,820,693,033)	(1,728,345,766)
Interest received / (paid)	(104,211,435)	(150,482,202)
Fixed deposits placed (net)	6,526,671,632	1,609,477,345
Dividend on equity share capital	(26,967)	(797)
Net cash (used in) / generated from financing activities	(C) 601,740,197	(269,351,420)
Net (decrease) / increase in cash and cash equivalents	(A+B+C) 553,664	(503,955,417)
Cash and cash equivalents - opening balance	7,002,401	510,957,818
Cash on amalgamation	836,905	—
Cash and cash equivalents - closing balance	8,392,970	7,002,401
Net increase/(decrease) as disclosed above	553,664	(503,955,417)
Cash and cash equivalents not available for use by the Company (balance in unclaimed dividend account)	452,850	479,817
Cash and cash equivalents closing balance comprise of:		
Cash and bank balances	8,296,689	7,116,815
Effect of exchange difference (Closing)	145,569	(49,288)
Effect of exchange difference (Opening)	(49,288)	(65,126)
	8,392,970	7,002,401

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.

Summary of significant accounting policies

1

The accompany notes are an integral part of the financial statements

As per our report of even date attached
For **SURESH SURANA & ASSOCIATES**
Chartered Accountants
(Nirmal Jain)
Partner

On behalf of the Board of directors

Ashish R. Goenka
Rajesh R. Kedia

Chairman & Managing Director
Wholetime Director

Membership No.: 34709
Mumbai; Dated: 23rd August, 2012

Mumbai; Dated: 23rd August, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 or construction 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. Cost of improvement of leasehold premises are provided on written down value method at 10%

Leasehold land is amortized over the lease period.

e) **Investments:**

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

f) **Inventories:**

- i. Raw materials - Rough diamonds are valued at the lower of cost or net realisable value. The cost is determined considering lot-wise 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, alloys and semi precious stone, stores and spares 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. Work-in-progress is valued at material cost.
- vi. Traded goods and stores and spares are valued at the lower of cost or net realisable value. Cost is determined on FIFO basis.
- vii. Gold and silver recovered from dust are valued at market rate.

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.

Suashish Diamonds Limited

h) **Foreign currency transactions:**

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

B NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
2 SHARE CAPITAL		
Authorised		
25,000,000 (25,000,000) Equity shares of Rs.10 each	250,000,000	250,000,000
2,000,000 (2,000,000) Redeemable cumulative non-convertible preference shares of Rs.100 each	200,000,000	200,000,000
	<u>450,000,000</u>	<u>450,000,000</u>
Issued, subscribed and paid up		
20,763,300 (as at 31 March 2011: 20,763,300) Equity shares of Rs.10 each fully paid up	207,633,000	207,633,000
(Of the above, 13,849,000 (as at 31 March 2011: 13,849,000) equity shares are allotted as fully paid up bonus shares by capitalisation of general reserve)		
Add: Forfeited shares (amount originally paid-up)	487,500	487,500
Total	<u>208,120,500</u>	<u>208,120,500</u>

a) Details of reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
Number	Number	Number
Equity shares:		
Shares outstanding at the beginning of the year	20,763,300	20,763,300
Shares issued during the year	—	—
Shares outstanding at the end of the year	<u>20,763,300</u>	<u>20,763,300</u>

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Suashish Diamonds Limited

c) Details of shares in the company held by each shareholder holding more than 5 percent:

Name of Shareholder	As at 31/03/2012		As at 31/03/2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Radiant Holdings Pvt. Ltd.	3,371,000	16.24	3,371,000	16.24
Rapid Holdings Pvt. Ltd.	3,371,000	16.24	3,371,000	16.24
Goenka Holdings Pvt. Ltd.	3,371,000	16.24	3,371,000	16.24
Fabulous Holdings Pvt. Ltd.	3,371,000	16.24	3,371,000	16.24
Mr. Ishan Ashish Goenka	1,558,088	7.50	1,558,088	7.50

d) No shares were allotted for consideration other than cash and as bonus shares in last five years.

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
3 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 in the statement of profit and loss		
Opening balance	3,126,863,140	2,508,287,947
Addition on amalgamation	376,106,609	—
Profit for the current year	375,077,702	618,575,193
Closing balance	3,878,047,451	3,126,863,140
Total	7,106,433,519	6,355,249,208
4 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Depreciation	24,092,178	14,998,565
Total (a)	24,092,178	14,998,565
Less: Deferred tax assets:		
Provision for gratuity	50,433	51,634
Expenses allowable on payment basis	218,582	1,216,711
Short term capital loss	1,979,502	—
Total (b)	2,248,517	1,268,345
Total (a-b)	21,843,661	13,730,220
5 LONG TERM PROVISIONS		
Provision for employee benefits		
Gratuity (unfunded)	4,002,822	2,800,955
Total	4,002,822	2,800,955
6 SHORT TERM BORROWINGS		
Secured		
Working capital loans - from banks		
In foreign currency	2,040,865,748	8,384,350,281
(The foreign currency loans included in working capital facilities are secured against the fixed deposits of Rs.832,600,000 (as at 31 March 2011 Rs.7,715,875,000)).		

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
Loans carries interest @ 2% to 4% p.a. (previous year @ 2% to 4% p.a.)		
In rupees	1,189,894,289	894,768,988
(Working capital loans from banks are secured by hypothecation of entire current assets (first pari passu) of the Company, equitable mortgage by deposit of title deeds of factory building at Borivali and office premises of the Company at Bharat Diamond Bourse and office premises of four companies in which directors have significant influence, corporate guarantee of four companies in which directors have significant influence and lien on fixed deposits.)		
Loans carries interest 11.75% to 12.28% p.a. (previous year @10.50% to 12.18% p.a.)		
Bank overdraft	244,476,867	—
(Secured by lien on fixed deposits of Rs.906,475,000 (as at 31 March 2011: Nil))		
Total	<u>3,475,236,904</u>	<u>9,279,119,269</u>
7 TRADE PAYABLES		
Trade payables	289,271,179	299,166,511
Total	<u>289,271,179</u>	<u>299,166,511</u>
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.		
8 OTHER CURRENT LIABILITIES		
Advances from customers	508,900,000	3,823,223
Interest accrued but not due on loans	1,859,845	34,216,457
Book overdraft	19,467,835	135,247,664
Amount payable to Suashish Realty LLP	1,461,072	—
Unclaimed dividends*	452,850	479,817
Payable to employees	6,107,764	2,042,228
Sundry creditors for fixed assets	1,311,473	6,940
Payable against shares	—	202,255
Security Deposit	6,478,997	12,830,971
Statutory dues payable	4,951,067	2,493,452
Total	<u>550,990,903</u>	<u>191,343,007</u>
* Amount does not include any amount which is required to be credited to the Investor Education and Protection Fund.		
9 SHORT TERM PROVISIONS		
Provision for employee benefits		
Provision for leave encashment (unfunded)	957,722	673,700
Provision for gratuity (unfunded)	265,919	43,133
Other provisions:		
Provision for wealth tax	95,284	236,005
Total	<u>1,318,925</u>	<u>952,838</u>

10 FIXED ASSETS	(Amount in Rupees)									
	TANGIBLE ASSETS									
Particulars	Leaseholds land	Leaseholds premises	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Total	INTANGIBLE ASSETS	
									Computer software	
Gross block										
As at 1 April 2010	845,000	—	194,046,246	342,716,780	41,742,632	46,370,719	25,009,137	650,730,514	291,353	
Additions	—	—	65,153,548	4,195,088	3,708,869	777,168	10,747,609	84,582,282	1,899,203	
Disposals	—	—	—	12,643,134	1,044,194	—	—	13,687,328	—	
As at 31 March 2011	845,000	—	259,199,794	334,268,734	44,407,307	47,147,887	35,756,746	721,625,468	2,190,556	
Addition on amalgamation	—	75,922,000	3,349,683	25,435,235	547,618	10,867,677	—	116,122,213	—	
Additions during the year	—	—	—	25,903,739	8,187,716	3,119,091	2,205,370	39,415,916	4,244,872	
Disposals	—	—	—	5,557,193	78,474	864,388	6,690,504	13,190,559	—	
As at 31 March 2012	845,000	75,922,000	262,549,477	380,050,515	53,064,167	60,270,267	31,271,612	863,973,038	6,435,428	
Depreciation										
As at 1 April 2010	105,625	—	115,408,705	224,706,924	30,703,663	38,507,034	17,545,066	426,977,017	250,294	
For the year	42,250	—	9,221,445	11,079,544	2,530,026	1,431,736	2,258,489	26,563,490	320,411	
On disposals	—	—	—	12,350,004	821,238	—	—	13,171,242	—	
As at 31 March 2011	147,875	—	124,630,150	223,436,464	32,412,451	39,938,770	19,803,555	440,369,265	570,705	
Addition on amalgamation	—	2,397,537	776,223	6,480,492	157,868	4,125,463	—	13,937,583	—	
For the year	42,250	799,179	10,004,065	15,423,654	3,610,362	2,587,800	4,093,713	36,561,023	1,346,266	
On disposals	—	—	—	2,356,467	38,188	198,778	6,224,318	8,817,751	—	
As at 31 March 2012	190,125	3,196,716	135,410,438	242,984,143	36,142,493	46,453,255	17,672,950	482,050,120	1,916,971	
Net Block										
As at 31 March 2011	697,125	—	134,569,644	110,832,270	11,994,856	7,209,117	15,953,191	281,256,203	1,619,851	
As at 31 March 2012	654,875	72,725,284	127,139,039	137,066,372	16,921,674	13,817,012	13,598,662	381,922,918	4,518,457	

Notes:

- Gross block of vehicles includes Rs.1,807,422 (as at 31/03/2011 Rs.1,807,422) vehicles registered in the name of the employees.
- Gross block of plant and machinery includes Rs. 4,605,000 (as at 31/03/2011 Rs.4,605,000) being Company's share in cost of assets whose ownership is not with the Company.
- Gross block of buildings include Rs. 9,789,000 (as at 31/03/2011 Rs. 9,789,000) being cost of shares towards occupancy rights.

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
11 NON CURRENT INVESMENTS		
(Trade, Unquoted and Long-term):		
In Subsidiaries:		
3,700,000 (3,700,000) Equity shares of USD 1 each of Suashish Diamonds (Hong Kong) Ltd.	161,087,344	161,087,344
145,000 (Nil) Equity shares of no par value of Suashish Jewels Canada Inc., a wholly owned subsidiary company	6,769,778	—
10 (10) Common stock of USD 10,000 each of Suashish Jewels Inc.	4,354,975	4,354,975
3,000 (3,000) Ordinary shares, of Pula 1 each of Suashish Diamonds (Botswana) (Proprietary) Ltd.	23,974	23,974
Nil (50,000) Equity shares of Rs.10 each of Suashish Jewellery India Ltd.	—	500,000
In Associates:		
13,200 (13,200) Equity shares of Rs.10 each of Taruvarsh Leasing Co. Pvt. Ltd.	660,000	660,000
Nil (35,000) Equity shares of Rs.10 each of Suashish Realty Pvt. Ltd.	—	350,000
3,850,000 (3,850,000) Equity shares of Rs. 10 each of Suashish Finance Ltd.	—	—
In partnership firm:		
Goenka Trading Company	923,651,437	803,777,525
Mohinidevi Goenka Investments	44,293,109	58,708,201
M. G. Investments	1,760,971,836	311,933,924
Suashish Realty LLP	350,000	—
Others:		
Venture capital fund unquoted:		
25,000 (25,000) Units of Kshitij Venture Capital Fund of Rs. 920 (Rs. 940) each	23,000,000	23,500,000
Investment in Equity instruments unquoted:		
5 (5) Shares of Rs. 50 each of New Ankur Co-operative Housing Society Ltd.	250	250
43,152 (43,152) Equity shares of Rs.5 each of Ansal Hi-Tech Townships Ltd.	3,807,529	3,807,529
Nil (21,038) Equity shares of Rs.10 each of Ananta Landmarks Private Limited	—	210,380
2,328 (2,328) Equity shares of Rs.5 each of Runwal Homes Private Limited	3,348,330	3,348,330
146 (146) Equity shares of Rs.101 each of Godrej Estate Developers Private Limited	2,681,633	2,681,633
1,456 (1,456) Equity shares of Rs.10 each of Godrej Sea View Properties Private Limited	3,268,571	3,268,571
2,990 (2,990) Equity shares of Rs.10 each of Nitesh Housing Developers Private Limited	1,065,743	1,065,743
604 (604) Equity shares of Rs.10 each of BCC Infrastructure Private Limited	6,040	6,040
562 (Nil) Equity shares of Rs.10 each of Marvel Omega Builders Class -B	5,620	—
561 (561) Equity shares of Rs.10 each of Kunal Spaces Private Limited	5,610	5,610
1,598 (1,598) Equity shares of Rs.10 each of Total Environment Projects Private Limited	15,980	15,980
639 (639) Equity shares of Rs.10 each of VBHDC Bangalore Value Homes Private Limited	6,390	6,390
280 (280) Equity shares of Rs.10 each of VBHC Chennai Value Homes Private Limited	2,800	2,800
263 (263) Equity shares of Rs.10 each of VBHC Delhi Value Homes Private Limited	2,630	2,630
2,956 (Nil) Equity shares of Rs.1 each of VBHC Delhi Project Private Limited Class -A	2,956	—
2,956 (Nil) Equity shares of Rs.1 each of VBHC Mumbai Value Homes Private Limited Class -A	2,956	—
Investment in Preference shares unquoted:		
5,404 (5,404) Preference shares of Rs.1 each of Ekta World Private Limited	5,404	5,404
1,814 (1,814) Preference shares of Rs.10 each of BCC Infrastructure Private Limited	18,140	18,140

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
11 NON CURRENT INVESMENTS (Contd.)		
Nil (4,995) Preference shares of Rs.1,000 each of Ananta Landmarks Private Limited	—	4,995,000
Nil (822) Preference shares of Rs.1,000 each of Neo Pharma Private Limited	—	822,000
6,394 (Nil) Preference shares of Rs.1 each of Arimas Developers Private Limited	6,394	—
585 (Nil) Preference shares of Rs.1 each of Runwal Township Private Limited class - A	585	—
878 (Nil) Preference shares of Rs.1 each of Runwal Township Private Limited class - B	878	—
585 (Nil) Preference shares of Rs.4,197.50 each of Runwal Township Private Limited class -C	2,455,538	—
Investment in Debentures unquoted:		
6.6587 (50) Non Convertible Debentures of Rs. 10,00,000 each of Kumar Urban Development Ltd.	6,808,472	51,125,000
Nil (36,958) Debenture of Rs.100 each of Total Environment Projects Private Limited - I	—	3,695,800
28,613 (28,613) Debenture of Rs.100 each of Total Environment Building Private Limited - I	2,861,300	2,861,300
14,806 (14,806) Debenture of Rs.100 each of Nitesh Housing Developers Private Limited - II	1,480,600	1,480,600
18,007 (18,007) Debenture of Rs.100 each of BCC Infrastructure Private Limited	1,800,700	1,800,700
14,312 (14,312) Debenture of Rs.100 each of Total Environment Building Private Limited - III	1,431,200	1,431,200
Nil (15,551) Debenture of Rs.100 each of Ats Apartment Private Limited - II	—	1,555,100
1,285 (1,285) Debenture of Rs.1,000 each of Ariisto Realtors Private Limited - III	1,285,000	1,285,000
Nil (14,611) Debenture of Rs.100 each of Ats Apartment Private Limited - I	—	1,461,100
14,332 (14,332) Debenture of Rs.100 each of VBHDC Bangalore Value Homes Private Limited - I	1,433,200	1,433,200
10,660 (10,660) Debenture of Rs.100 each of Nitesh Housing Developers Private Limited - III	1,066,000	1,066,000
972 (972) Debenture of Rs.1,000 each of Atithi Building Commodities Private Limited - II	972,000	972,000
11,844 (11,844) Debenture of Rs.100 each of Nitesh Land Holdings Private Limited	1,184,400	1,184,400
900 (900) Debenture of Rs.1,000 each of Ariisto Realtors Private Limited - II	900,000	900,000
7,108 (7,108) Debenture of Rs.100 each of Nitesh Housing Developers Private Limited - IV	710,800	710,800
4,145 (4,145) Debenture of Rs.100 each of Nitesh Housing Developers Private Limited - I	414,500	414,500
1,206 (1,206) Debenture of Rs.100 each of Total Environment Projects Private Limited - II	120,600	120,600
6,906 (6,906) Debenture of Rs.1,000 each of Atithi Building Commodities Private Limited	6,906,000	6,906,000
Nil (80,941) Debentures of Rs.100 each of Runwal Homes Class A	—	8,094,100
Nil (36,660) Debentures of Rs.100 each of Runwal Homes Class B	—	3,666,000
5,105 (5,105) Debentures of Rs.1000 each of Ariisto Realtors Private Limited	5,105,000	5,105,000
73,237 (73,237) Debentures of Rs.100 each of Runwal Township Private Limited	7,323,700	7,323,700
72,546 (72,546) Convertible Debentures of Rs.100 each of Total Environment Habitat Private Limited	7,254,600	7,254,600
3,002 (3,002) Debenture of Rs.1,000 each of Ariisto Realtors Private Limited - IV	3,002,000	3,002,000
29,220 (29,220) Debenture of Rs.100 each of Bhaveshwar Properties Private Limited - II	2,922,000	2,922,000
29,220 (29,220) Debenture of Rs.100 each of Bhaveshwar Properties Private Limited	2,922,000	2,922,000

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
11 NON CURRENT INVESMENTS (Contd.)		
30,635 (30,635) Convertible Debenture of Rs.100 each of Dharmesh Constructions Private Limited	3,063,500	3,063,500
28,773 (28,773) Debenture of Rs.100 each of Arimas Developers Private Limited - Class A	2,877,300	2,877,300
24,336 (24,336) Debenture of Rs.100 each of BCC Infrastructure Private Limited Class A- IV	2,433,600	2,433,600
24,336 (24,336) Debenture of Rs.100 each of BCC Infrastructure Private Limited Class A- III	2,433,600	2,433,600
21,109 (21,109) Debenture of Rs.100 each of Marvel Realtors and Developers Series 2	2,110,900	2,110,900
18,250 (18,250) Debenture of Rs.100 each of BCC Infrastructure Private Limited - Class A	1,825,000	1,825,000
20,840 (20,840) Debenture of Rs.100 each of Marvel Realtors and Developers Series 1	2,084,000	2,084,000
17,175 (17,175) Debenture of Rs.100 each of Total Environment Building Private Limited - II	1,717,500	1,717,500
18,218 (18,218) Debenture of Rs.100 each of VBHC Chennai Value Homes Private Limited - Class A	1,821,800	1,821,800
14,797 (14,797) Debenture of Rs.100 each of Total Environment Building Private Limited - IV	1,479,700	1,479,700
16,780 (16,780) Debenture of Rs.100 each of Kunal Spaces Private Limited - Class A	1,678,000	1,678,000
14,730 (14,730) Debenture of Rs.100 each of VBHC Delhi Value Homes Private Limited - I	1,473,000	1,473,000
13,456 (13,456) Debenture of Rs.100 each of Ekta World Private Limited - Class A Series 1	1,345,600	1,345,600
12,970 (12,970) Debenture of Rs.100 each of Ekta World Private Limited - Class A Series 2	1,297,000	1,297,000
4,568 (4,568) Debenture of Rs.100 each of Total Environment Projects Private Limited - III	456,800	456,800
76,143 (Nil) Debenture of Rs.100 each of Almod Infrabuild Private Limited	7,614,300	—
24,191 (Nil) Debenture of Rs.100 each of Anand Divine Developers Private Limited -I	2,419,100	—
48,382 (Nil) Debenture of Rs.100 each of Anand Divine Developers Private Limited -II	4,838,200	—
6,010 (Nil) Debenture of Rs.100 each of Arimans Developers Private Limited -Class -A	601,000	—
40,102 (Nil) Debenture of Rs.100 each of Arimans Developers Private Limited -Class -B	4,010,200	—
30,787 (Nil) Debenture of Rs.100 each of Dharmesh Construction Private Limited -II	3,078,700	—
13,267 (Nil) Debenture of Rs.100 each of Ekta Parksville Class-A	1,326,700	—
44,349 (Nil) Debenture of Rs.100 each of Ekta Parksville Homes Private Limited	4,434,900	—
11,064 (Nil) Debenture of Rs.100 each of Ekta Parksville Homes Private Limited -II	1,106,400	—
8,842 (Nil) Debenture of Rs.100 each of Ekta Parksville Homes Private Limited -III	884,200	—
16,838 (Nil) Debenture of Rs.100 each of Kunal Spaces Private Limited -Class -A, Deb. II	1,683,800	—
30,990 (Nil) Debenture of Rs.100 each of Marvel Omega Builders	3,099,000	—
20,503 (Nil) Debenture of Rs.100 each of Neelkanth Vinayak Realtors Private Limited	2,050,300	—
29,357 (Nil) Debenture of Rs.100 each of Nilkanth Tech Park Private Limited -2011	2,935,700	—
29,358 (Nil) Debenture of Rs.100 each of Nilkanth Tech Park Private Limited -2011 -II	2,935,800	—
17,614 (Nil) Debenture of Rs.100 each of Nilkanth Tech Park Private Limited -2011 -III	1,761,400	—
33,971 (Nil) Debenture of Rs.100 each of Runwal Township Private Limited	3,397,100	—
19,827 (Nil) Debenture of Rs.100 each of Total Envioiment Projects -I	1,982,700	—
16,527 (Nil) Debenture of Rs.100 each of VBHC Delhi Projects Private Limited	1,652,700	—
42,544 (Nil) Debenture of Rs.100 each of VBHC Mumbai Value Homes Private Limited	4,254,400	—

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
11 NON CURRENT INVESMENTS (Contd.)		
Investment in government securities :		
12,558 (12,558) 0% Bond of National Bank for Agriculture And Rural Development (NABARD) of Rs.20,000 each((maturity date - 01/02/2019)	114,307,436	114,307,436
Investment in Mutual funds :		
296,207,378 (6,957,582.794) Units of HDFC CM Treasury Advantage Plan - WD of Rs.10 each	2,969,028	69,826,168
Investment in equity instruments quoted :		
Nil (1,304,711) Equity shares of Rs.10 each of Allahabad Bank (includes shares pledged Nil (as at 31/03/2011 200,000)	—	85,966,169
92,000 (92,000) Equity shares of Rs.10 each of Ansal Properties & Infrastructure Ltd.	7,000,611	7,000,611
Nil (500,220) Equity shares of Rs.10 each of Apollo Tyres Ltd.	—	32,778,428
Nil (45,000) Equity shares of Rs.10 each of Ashok Leyland Limited	—	2,548,620
50,000 (Nil) Equity shares of Rs.10 each of Bank of India	20,577,056	—
Nil (760,163) Equity shares of Rs.10 each of Chennai Petroleum Corporation Ltd.	—	186,385,665
Nil (13,934) Equity shares of Rs.10 each of Cummins India Ltd.	—	9,995,065
Nil (1,727,236) Equity shares of Rs.10 each of DCB Ltd.	—	66,626,329
Nil (254,950) Equity shares of Rs.10 each of Federal Bank Ltd. (includes shares pledged Nil (as at 31/03/2011 105,000)	—	70,410,650
18,200 (18,200) Equity shares of Rs.10 each of Globus Spirits Ltd.	3,231,430	3,231,430
404,396 (404,396) Equity shares of Rs.10 each of Great Eastern Shipping Co. Ltd.	111,010,705	111,010,705
Nil (11,000) Equity shares of Rs.10 each of Hindustan Petroleum Corporation Ltd.	—	3,667,435
Nil (3,227,753) Equity shares of Rs.10 each of IDBI Bank Ltd.	—	405,708,815
100,000 (100,000) Equity shares of Rs.10 each of Indian Bank	25,719,850	25,719,850
100,000 (100,000) Equity shares of Rs.10 each of Indian Oil Corporation Ltd.	34,506,514	34,506,514
100,000 (4,200,560) Equity shares of Rs.10 each of Indian Overseas Bank (includes shares pledged Nil (as at 31/03/2011 350,000)	15,380,220	406,817,933
1,891,000 (1,891,000) Equity shares of Rs.10 each of Industrial Finance Corporation Of India Ltd.	101,136,428	101,136,428
Nil (14,618) Equity shares of Rs.10 each of ING Vysya Bank Ltd.	—	5,012,924
Nil (30,000) Equity shares of Rs.10 each of ITC Ltd.	—	4,976,415
249,989 (Nil) Equity shares of Re.1 each of J M Financial Limited	5,770,950	—
11,750 (11,750) Equity shares of Rs.100 each of Jammu & Kashmir Bank Ltd.	7,010,111	7,010,111
10,790 (634,790) Equity shares of Rs.10 each of Junio Bees (Benchmark MF)	1,088,649	63,763,218
280,245(273,835) Equity shares of Rs.10 each of Oriental Bank of Commerce	103,101,454	100,595,321
6,520 (6,520) Equity shares of Rs10 each of Reliance Infrastructure Ltd.	7,012,137	7,012,137
362,000 (Nil) Equity shares of Rs10 each of Shipping Corporation Of India Ltd.	28,085,757	—
2,302,137 (2,302,137) Equity shares of Rs.10 each of Syndicate Bank (includes shares pledged Nil (as at 31/03/2011 200,000)	268,472,363	268,472,363
Nil (12,300) Equity shares of Rs.10 each of Tata Chemicals Ltd.	—	5,003,711
2,250 (20,450) Equity shares of Rs.10 each of Tata Motors (DVR) Ltd.	397,223	16,121,921
Nil (6,666) Equity shares of Rs.10 each of Thermax Ltd.	—	5,124,174
27,840 (27,840) Equity shares of Rs.10 each of Usha Martin Ltd.	2,529,706	2,529,706
IN BULLION		
995.0 Standard Gold Bar 2,050 gms (2,030 gms)	2,543,281	2,491,115
Total	3,945,791,311	3,759,705,740
Aggregate amount of quoted investments	742,031,164	2,039,132,648
Aggregate amount of unquoted investments	3,203,760,147	1,720,573,092
Market value of quoted investments	630,101,636	2,548,405,967
Aggregate provision for diminution in value investment	38,500,000	38,500,000

Suashish Diamonds Limited

		As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
11 NON CURRENT INVESMENTS (Contd.)			
In respect of investments in partnership firms by the Company, the details of partners, total capital and share of each partner are as under:			
A) M/s. Goenka Trading Company			
Particulars	Share of profit / loss (%)	Capital account balance as at 31/03/2012 (Rs.)	31/03/2011 (Rs.)
Suashish Diamonds Ltd.	90.00	923,651,437	803,777,525
Taruvarsh Leasing Company Pvt. Ltd.	2.00	31,928,460	31,951,426
Shri Rameshkumar Goenka (HUF)	2.00	106,157,262	107,042,228
Shri Ashish R. Goenka	6.00	50,000	50,000
Total Capital	100.00	1,061,787,159	942,821,179
B) Mohinidevi Goenka Investments			
Particulars	Share of profit / loss (%)	Capital account balance as at 31/03/2012 (Rs.)	31/03/2011 (Rs.)
Suashish Diamonds Ltd.	99.00	44,293,109	58,708,201
Taruvarsh Leasing Company Pvt. Ltd.	1.00	712,402	747,734
	100.00	45,005,511	59,455,935
C) M. G. Investments			
Particulars	Share of profit / loss (%)	Capital account balance as at 31/03/2012 (Rs.)	31/03/2011 (Rs.)
Suashish Diamonds Ltd.	70.00	1,760,971,836	311,933,924
Shri Ashish R. Goenka	15.00	237,108,342	99,952,340
Mrs. Lavina A. Goenka	14.00	180,111,689	86,184
Ashish Goenka Family Trust	1.00	670,496	6,156
	100.00	2,178,862,363	411,978,604
D) Suashish Realty LLP			
Particulars	Share of profit / loss (%)	Capital account balance as at 31/03/2012 (Rs.)	31/03/2011 (Rs.)
Suashish Diamonds Ltd.	35.00	350,000	—
Shri Ashish R. Goenka	61.00	610,000	—
Mrs. Lavina A. Goenka	4.00	40,000	—
	100.00	1,000,000	—

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
12 LONG TERM LOANS AND ADVANCES		
Loan to staff	771,558	630,579
Prepaid expenses	716,568	624,813
Advance income tax (net of provision)	52,179,732	3,438,280
Fringe benefit tax paid	—	5,329
	<u>53,667,858</u>	<u>4,699,001</u>
13 OTHER NON-CURRENT ASSETS		
Bank deposits (refer note 17)	2,713,830	457,119,442
	<u>2,713,830</u>	<u>457,119,442</u>
14 CURRENT INVESTMENTS		
Mutual fund quoted		
Nil (15,000,000) Units of Rs.10 each of BIRLA SUNLIFE FIXED TERM PLAN - Series CO Growth	—	150,000,000
Nil (25,000,000) Units of Rs.10 each of KOTAK FMP SERIES 39 - Growth	—	250,000,000
In jewellery	1,526,035	—
	<u>1,526,035</u>	<u>400,000,000</u>
15 INVENTORIES		
(As taken, valued and certified by the management)		
Raw materials:		
– Rough diamonds	497,752,036	160,099,063
– Polished diamonds	69,788,847	72,446,950
– Gold	57,326,305	34,205,621
– Others	22,777,028	11,391,980
Finished goods / traded goods:		
– Polished diamonds	726,835,401	385,838,195
– Jewellery	3,487,060	3,609,361
– Commodity	—	150,338,186
Work-in-progress jewellery	55,577,304	—
Consumables, stores and spares	6,263,709	3,225,299
Total	<u>1,439,807,690</u>	<u>821,154,655</u>

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'.

Work-in-progress is valued at material cost without allocation of the production overheads. In view of the different design, weight and purity of Jewellery items manufactured by the Company, it is not considered feasible / practical by the management to compute cost of work-in-progress inclusive of overheads cost.

The impact on Profit for the year, reserves and surplus and inventories as at 31 March 2012, if any, due to the above deviations is not ascertainable.

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
16 TRADE RECEIVABLES		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months from the date they are due for payment	4,983,892	6,331,865
Others debts	2,269,486,515	713,335,150
Total	2,274,470,407	719,667,015
17 CASH AND BANK BALANCES		
Balances with banks:		
– In current accounts	5,145,853	4,410,195
– Unpaid dividend account	452,850	479,817
Cash on hand	2,697,986	2,226,803
	8,296,689	7,116,815
Other bank balances		
Bank deposits (marked as lien against borrowings, guarantee and with government authorities Rs. 2,688,214,874 (as at 31 March 2011: Rs. 2,570,419,720))	2,730,114,874	3,682,419,720
Other deposits (security against overdraft facility Rs. 50,000,000 (as at 31 March 2011: Rs. 5,408,957,324))	50,000,000	5,618,957,324
Margin money deposit (Gold)	2,836,100	4,684,696
	2,782,950,974	9,306,061,740
Amount disclosed under non current assets (refer note 13)	(2,713,830)	(457,119,442)
Total	2,788,533,833	8,856,059,113
18 SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans to staff	243,801	378,078
Loans to subsidiaries / associates		
– Suashish Jewellery India Ltd (upto 31 March 2011)	—	145,856,052
– Suashish Realty LLP [Firm in which director is a partner] (formerly Suashish Realty Pvt. Ltd.)	3,617,617	8,902,000
Loans to others	59,098,291	65,172,083
Advances recoverable in cash or in kind or for value to be received	272,461,332	400,980,338
Prepaid expenses	4,989,734	5,734,741
Security deposits	34,320,524	33,548,320
MAT credit entitlement	20,311,496	9,176,817
Total	395,042,795	669,748,429
19 OTHER CURRENT ASSETS		
Interest accrued but not due	176,780,321	265,312,114
Receivable against shares sold	4,430,910	—
Receivable against cancellation of forward contract	170,677,846	111,561,186
Total	351,889,077	376,873,300

Suashish Diamonds Limited

20 REVENUE FROM OPERATIONS

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
Sales of raw material / finished goods /traded goods		
– Rough diamonds	6,787,129,898	6,138,412,047
– Polished diamonds	1,983,012,721	2,702,472,419
– Jewellery	2,635,890,101	1,351,426,973
Job work sales	—	8,913,106
Sale of electricity generated from windmills	9,148,968	7,336,630
Other operating revenue		
Sales of finished goods / traded goods		
– Commodity/ bullion	153,806,289	—
Total	11,568,987,977	10,208,561,175

21 OTHER INCOME

Interest income :		
On investments in debentures (long term)	14,726,003	9,684,426
On loan	4,768,842	2,524,524
On fixed deposit with banks	149,242,714	42,620,205
On income tax refund	1,946,025	8,399,337
From customer	22,691	276,146
From others	9,493,217	13,959,580
Dividend income :		
On long term investments (other than trade)	32,318,564	56,812,867
Net gain / (loss) on sale of investment :		
– From long term investments (Other than trade)	(5,057,397)	296,662,621
Net gain / (loss) on derivative intruments :		
– Mark to market margin (commodity futures)	(110,334)	—
Share in profit/(loss) of partnership firms:		
– Goenka Trading Company	1,171,521	(22,277,308)
– Mohinidevi Goenka Investments	(3,477,715)	(151,351)
– M. G. Investments	46,503,821	80,923
– Suashish Realty LLP	(1,461,072)	—
Exchange difference (net)	—	501,817,733
Rent	4,326,300	15,880,428
Profit on sale of fixed assets (net)	2,727,862	1,066,077
Miscellaneous income	750,580	1,699,329
Total	257,891,622	929,055,537

22 COST OF MATERIALS

Raw materials		
Opening stock	278,143,614	313,512,116
Add: Addition on amalgamation	19,161,668	—
Add: Purchases [including commission on import and cleaving charges]	8,410,145,153	6,629,138,121
Less: Closing stock	647,644,224	278,143,614
Total (a)	8,059,806,211	6,664,506,623

Suashish Diamonds Limited

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
Purchase of finished goods		
Purchases of - Polished diamonds	2,615,762,584	2,748,820,318
Purchases of - Commodity / Bullion	—	150,486,622
Total (b)	<u>2,615,762,584</u>	<u>2,899,306,940</u>
Net income on buyers credit #	(168,535,395)	(218,972,335)
Total (c)	<u>(168,535,395)</u>	<u>(218,972,335)</u>
Total (a+b+c)	<u><u>10,507,033,400</u></u>	<u><u>9,344,841,228</u></u>

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 comprising of interest income on fixed deposits of Rs. 588,282,781 (previous year Rs 707,533,475), finance cost on buyers credit of Rs. 126,991,541 (previous year Rs. 210,537,938) and exchange rate difference loss of Rs. 292,755,845 (previous year Rs. 278,023,202) is adjusted in "Cost of materials".

23 CHANGES IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS

a) Changes in inventories of finished goods / traded goods

Opening stock of finished goods/traded goods

Polished diamond	385,838,195	957,842,423
Jewellery	3,609,361	2,823,277
Commodity	150,338,186	—

Less: Closing stock of finished goods/traded goods

Polished diamond	726,835,401	385,838,195
Jewellery	3,487,060	3,609,361
Commodity	—	150,338,186

Total (a)	<u>(190,536,719)</u>	<u>420,879,958</u>
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b) Changes in work-in-progress

Opening stock	—	—
Add: On account of amalgamation	27,674,047	—
Less: Closing stock	55,577,304	—

Total (b)	<u>(27,903,257)</u>	<u>—</u>
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Total (a+b)	<u><u>(218,439,976)</u></u>	<u><u>420,879,958</u></u>
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24 EMPLOYEE BENEFITS EXPENSE

Salaries, bonus, commission and allowances	94,455,479	61,091,406
Contribution to provident and other funds	4,099,880	1,790,949
Gratuity	935,069	198,575
Staff welfare expenses	3,203,819	2,388,270
Total	<u><u>102,694,247</u></u>	<u><u>65,469,200</u></u>

25 FINANCE COSTS

Interest expenses	160,375,798	73,353,921
Net loss on foreign currency borrowings	113,939,048	45,052,081
Loan processing and other charges	24,188,219	11,212,451
Total	<u><u>298,503,065</u></u>	<u><u>129,618,453</u></u>

Suashish Diamonds Limited

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
26 OTHER EXPENSES		
Processing charges	213,870,276	124,609,806
Stores, spares and tools consumed	35,602,359	14,123,386
Power and electricity	8,789,869	5,412,636
Communication expenses	3,101,290	2,882,767
Printing and stationery	2,068,079	2,088,634
Travelling and conveyance expenses	26,952,435	29,232,383
Legal and professional fees	17,615,330	18,704,103
Bad debts (net of provision for doubtful debts Rs. Nil (previous year: Rs.7,811,373))	—	3,252,822
Balances written off	9,164,385	—
Rent	10,190,431	5,944,195
Rates and taxes	3,584,195	3,078,141
Repairs and maintenance:		
– plant and machinery	889,229	722,874
– buildings	740,687	1,801,155
– other	8,034,605	6,637,143
Exchange difference (net)	192,075,299	—
Insurance charges	2,576,251	1,514,946
Auditor's remuneration:		
– for audit	2,318,063	2,301,102
– for tax audit	129,467	93,906
– for taxation matters	607,328	1,867,782
– for others	110,109	5,515
Donations	10,984,703	1,318,000
Compensation	—	4,053,600
Bank charges	30,593,973	11,402,458
Miscellaneous expenses	15,128,551	16,019,029
Commission and brokerage on sales	3,977,266	6,297,155
Advertisement expenses	11,813,820	17,774,935
Sales promotion expenses	13,558,492	16,454,916
ECGC Premium	3,953,441	2,742,898
Freight, clearing and forwarding charges	9,545,803	5,087,318
Discount allowed	22,380,353	58,132,051
Export insurance charges	2,298,700	2,675,318
Total	662,654,789	366,230,974
a) Details of imported and indigenous consumables, stores and spares consumed:		
Imported (18.06%; previous year 29.30%)	6,429,530	4,138,363
Indigenous (81.94%; previous year 70.70%)	29,172,829	9,985,023
Total	35,602,359	14,123,386
27. During the year, the Company filed a scheme of amalgamations under Section 391 to 394 and other relevant provisions of the Companies Act, 1956 with the Hon'ble High Court, Bombay to amalgamate Suashish Jewelry India Limited wholly owned subsidiary with the Company effective 1 April 2011 ('the Appointed Date'). In January 2012, the Hon'ble High Court of Mumbai approved the aforesaid Scheme vide its order dated 20 January 2012, which was filed with the Registrar of Companies on 17 February 2012.		
As per the terms of the Scheme, Suashish Jewelry India Limited (Transferor Company) was amalgamated with the Company (Transferee Company) with effect from 1 April 2011. The Company has accounted for the amalgamation as amalgamation in the nature of merger under pooling of interest method as per AS 14, Accounting for Amalgamations referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.		
Following are the salient features of the Scheme:		
(a) Transferee Company shall record all the assets and the liabilities (including all the reserves) recorded in the books of account of the Transferor Company at their respective book values as on the Appointed Date after making adjustments required to align with the established Accounting Policies;		

- (b) Inter-Company balances between the Transferor Company and Transferee Company, if any, shall stand cancelled;
- (c) The amount of investment in the Transferor Company appearing in the books of the Transferee Company, shall stand cancelled;
- (d) Retained earnings in the books of the Transferor Company shall be recorded in the books of the Transferee Company in the same form as it appears in the books of the Transferor Company.
- (e) The amount by which the value of the assets of the Transferor Company exceeds the liability (including all reserves) of the Transferor Company after adjusting for cancellation of investments held by the Transferee Company in Transferor Company and inter-company balances between the Transferor Company and the Transferee Company, shall be credited to the Capital Reserve ;
- (f) The amount by which the liabilities (including all reserves) of the Transferor Company exceeds the value of assets of the Transferor Company after adjusting for cancellation of investment held by the Transferee Company in the Transferor Company and inter-company balances between the Transferor Company and the Transferee Company shall be debited to Goodwill.

Accordingly, the Scheme has been given effect to in these financial statements and the following assets and liabilities of the Transferor Companies as at 1 April 2011 have been accounted by the Transferee Company at their respective book values.

Particulars	As at 31 March 2012 (Rs.)
Net assets / liabilities taken over by the Company	
Liabilities	
Unsecured loan	145,856,052
Current liabilities and provision	28,028,259
Deferred tax liabilities	6,898,977
	180,783,288
Assets	
Fixed assets – net	102,184,630
Inventories	48,726,824
Trade receivables	384,106,828
Cash and bank balances	4,397,771
Other current assets	133,294
Loans and advances	17,840,550
	557,389,897
Net liabilities taken over	376,606,609
Less: Reserves and surplus transferred on amalgamation	376,106,609
Less: Share capital of transferor company	500,000
Difference to be adjusted as capital reserve / goodwill	—

28. Commitments / Contingent liabilities not provided for:

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
Contingent liabilities :		
a) Guarantee given by the Company to Bank of Baroda (Botswana) Limited for Overdraft Facility of USD 5.50 million (previous year USD 3.40 million) and demand loan of USD 4.50 million (previous year USD Nil) availed by Suashish Diamond (Botswana) (Proprietary) Ltd. (a wholly owned Subsidiary Company)	508,900,000	151,572,000
b) Guarantee given by the Company to IDBI Bank Limited, Dubai, UAE for working capital facility of USD 10 million availed by Suashish Diamond (Hongkong) Ltd. (a wholly owned Subsidiary Company)	508,900,000	—
c) Disputed Sales tax liability	2,516,895	2,516,895
d) Bank guarantees given by bank on behalf of the Company	5,104,572	1,264,858
e) Disputed Service tax liability	37,341,208	—
f) Disputed income tax liabilities	6,447,592	—

Suashish Diamonds Limited

	Current Year 2011-2012 (Rs.)	Previous year 2010-2011 (Rs.)
29. C.I.F. value of imports:		
Rough diamonds	7,164,932,761	5,990,455,532
Polished diamonds	1,638,817,157	1,889,892,641
Raw materials –others	272,975,496	6,616,806
Stores and spares	8,396,935	4,876,001
Capital goods	22,655,637	—
30. Expenditure in Foreign Currency		
Commission on imports	17,188,458	15,066,200
Foreign traveling expenses	5,053,664	4,014,929
Interest on foreign currency loans and credit facilities	174,818,559	231,909,949
Consultancy fees	60,668	840,165
Others	54,547,074	66,459,080
31. Earnings in Foreign Currency		
F.O.B. value of exports	7,578,908,929	6,968,048,516
Reimbursement of expenses	21,038,696	19,140,471
Interest received	8,453,965	13,218,097
Guarantee commission on corporate guarantee	2,945,717	384,880

32. Inventory details

A. Raw material

Class of Goods	Opening Stock 01/04/2011 (Rs.)	Purchases/ Transfer (Rs.)	Turnover (Rs.)	Closing Stock 31/03/2012 (Rs.)
Rough Diamonds	160,099,063 (185,406,094)	8,123,870,979* (6,848,831,813)*	7,714,508,390** (6,450,119,668)**	497,752,044 (160,099,063)
Polished Diamonds	72,446,950 (50,509,115)	1,006,924,492@ (488,537,252)@	183,876,626 # (44,978,759) #	69,788,847 (72,446,950)
Gold	34,205,621 (68,956,227)	850,754,936 ^ (466,569,602) ^	— (—)	57,326,305 (34,205,621)
Silver	— (—)	76,372,121 ^^ (—)	— (—)	— (—)
Others	11,391,980 (8,640,680)	157,506,082*** (70,693,240)	— (—)	22,777,028 (11,391,980)
Total	278,143,614 (313,512,116)	10,215,428,610 (7,874,631,907)	7,898,385,016 (6,495,098,427)	647,644,216 (278,143,614)

* Includes rough diamonds transferred internally for captive consumption Rs.927,378,492 (previous year Rs. 756,973,230).

** Includes rough diamonds transferred internally for captive consumption Rs.927,378,492 (previous year Rs. 311,707,621).

@ Includes diamonds transferred on amalgamation Rs 11,886,746 (previous year Rs. Nil) and internally for captive consumption Rs. 857,923,383 (previous year Rs. 488,520,556).

Includes diamonds transferred internally for captive consumption of Rs. 183,876,625 (previous year Rs. 38,495,474).

^ Includes gold transferred on amalgamation of Rs 3,193,681(previous year Rs. Nil)

^^ Includes silver transferred on amalgamation of Rs 517,212(previous year Rs. Nil)

*** Includes other raw material transferred on amalgamation of Rs 3,564,030 (previous year Rs. Nil) and Rs.819,913 transferred internally for captive consumption (previous year Rs. Nil)

B. Finished goods

Class of Goods	Opening Stock 01/04/2011 (Rs.)	Purchases/ Transfer (Rs.)	Turnover (Rs.)	Closing Stock 31/03/2012 (Rs.)
Polished Diamonds	385,838,195 (957,842,423)	3,308,881,236* (4,987,029,263)*	3,351,338,269 # (5,384,084,084) #	726,835,401 (385,838,195)
Jewellery	3,609,361 (2,823,277)	— (—)	2,635,890,101 (1,351,426,973)	3,487,060 (3,609,361)
Electricity	— (—)	— (—)	9,148,968 (7,336,630)	— (—)
Traded goods				
Custor seeds	150,338,186 (—)	— (150,338,186)	153,806,289 (—)	— (150,338,186)
Total	539,785,742 (960,665,700)	3,308,881,236 (5,137,367,449)	6,150,183,627 (6,742,847,687)	730,322,461 (539,785,742)

* Includes diamonds of Rs. 693118,652 (previous year Rs.2,238,060,509) transferred internally for captive consumption.

Includes diamonds of Rs.1,368,325,548 (previous year Rs.2,688,094,950) transferred internally for captive consumption.

33. Consumption of raw materials

	Current Year 2011-2012 (Rs.)	Previous year 2010-2011 (Rs.)
Rough diamonds	71,709,616	424,019,176
Polished diamonds	825,705,969	421,620,658
Gold (100% indigenous)	827,634,252	501,320,208
Silver	76,372,121	—
Others	146,121,034	67,941,940
Total	1,947,542,992	1,414,901,982

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.

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

Sr. No.	Name of Future	As at 31/03/2012 (KGS.)	As at 31/03/2011 (KGS.)	Daily settlement price as on last trading day of previous year Rs. per kg	Type of Position
1	Castor Seed 3 March 2011	—	2,831,250	1,020	Sell

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

Particulars	Currency	As at 31/03/2012		As at 31/03/2011	
		Amount in foreign currency	Amount (Rs.)	Amount in foreign currency	Amount (Rs.)
Trade Receivables	USD	41,565,688	2,114,030,890	14,766,075	658,271,603
Advance from customer	USD	10,000,000	508,900,000	—	—
Trade payables	USD	2,634,832	134,091,127	4,212,047	187,899,426
	EURO	771	52,400	—	—
Advance to supplier	CHF	2,296	131,348	—	—
Share application money	USD	3,370,630	171,430,241.8	3,730,630	169,553,041
Cash on hand	USD	6,190	31,6742	2,310	102,985
	HKD	24,546	160,990	34,220	196,253
	GBP	5,974	485,808	6,326	454,008
	Baht	173,470	290,996	173,470	258,531
	Other Currencies		492,087		265,504

b) Derivative instruments outstanding as at year end are as follows:

Particulars	Currency	As at 31/03/2012		As at 31/03/2011	
		Amount in foreign currency	Amount (Rs.)	Amount in foreign currency	Amount (Rs.)
Currency swaps against principal / interest payable on foreign currency loans	INR/USD	41,226,069	2,097,994,651	183,238,694	8,174,278,005
Option	INR/USD	30,000,000	1,526,700,000	10,000,000	446,100,000

c) Forward contract outstanding as at year end in respect of exports USD 137,724,084 (as at 31/03/2011 USD 111,563,443), imports USD 11,380,000 (as at 31/03/2011 USD 30,000,000) and investments USD 7,259,075 (as at 31/03/2011 USD 7,456,445).

36. Contribution to Gratuity Fund

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 2011-2012 (Rs.)	Previous year 2010-2011 (Rs.)
Discount rate	8.50% 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	01/04/2011 to 31/03/2012 (Rs.)	01/04/2010 to 31/03/2011 (Rs.)
Present value of defined benefits obligations as at beginning of the year	2,844,088	2,688,645
Opening balance on amalgamation	489,584	—
Interest cost	275,028	221,813
Current service cost	930,983	456,380
Benefit paid	—	(43,132)
Actuarial (gain) / loss on defined benefits obligation	(270,942)	(479,618)
Projected benefit obligation as at year end	4,268,741	2,844,088

iii) Amount to be recognized in the balance sheet

Particulars	Current Year 2011-2012 (Rs.)	Previous year 2010-2011 (Rs.)
Present value of defined benefits obligation as on balance sheet date	4,268,741	2,844,088
Fair value of plan assets	—	—
Liability recognized in balance sheet date	4,268,741	2,844,088

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

Service cost	930,983	456,380
Interest cost of obligation	275,028	221,813
Expected return on plan assets	—	—
Net actuarial (gain) / loss	(270,942)	(500,435)
Past Service cost	—	20,817
Total expense recognized in the statement of profit and loss account	935,069	198,575

37. Segment Reporting

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

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

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

Sr. No.	Particulars	Geographical segments		Total
		Outside India	Within India	
1.	Segment Revenue			
	Sales and income from operations	7,586,875,457 (6,968,365,890)	3,982,112,520 (3,240,195,285)	11,568,987,977 (10,208,561,175)
2.	Carrying amount of assets by geographical location of assets			
	Segment assets	1,528,643,140 (865,140,252)	10,056,084,045 (15,472,721,830)	11,584,727,185 (16,337,862,082)
3.	Additions to fixed assets	(—) (—)	159,783,001 (86,481,485)	159,783,001 (86,481,485)

Notes:

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

38. Related party disclosures:

- i. Related party relationships:

- a) 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.
 Suashish Jewelry India Limited (upto 31 March 2011)
 (also refer note 27 of the financial statements)
 Suashish Realty Pvt. Ltd. (upto 10 April 2011)

Suashish Diamonds Limited

		Suashish Realty LLP (w.e.f. 11 April 2011)
		Goenka Trading Company
		Mohinidevi Goenka Investments
		M.G. Investments (w.e.f. 17 January 2011)
b) Associates	:	Suashish Finance Ltd.
		Taruvarsh Leasing Company Pvt. Ltd.
		Suashish Realty LLP. (formerly known as Suashish Realty Pvt. Ltd.) (upto 10 April 2011)
c) Key management personnel	:	Mr. Ashish R. Goenka
		Mr. Rajeshkumar R. Kedia
		Mr. Pawan Bagla (w.e.f. 3rd November, 2010)
d) Relatives of key management personnel	:	Mrs. Lavina A. Goenka
		Mrs. Amita Kedia
		Mr. Siddharth Kedia
		Mrs. Sunita Bagla (w.e.f. 3 November 2010)
e) 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:

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

ii. Transactions with related parties:

(Amount in Rs.)

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)	— (177,867)
Reimbursements received against expenses incurred	21,490,230 (19,303,233)	602 (—)	— (—)	— (—)	68,849 (—)	23,702,075 (19,303,233)
Guarantee commission income on corporate guarantee	2,945,717 (384,880)	— (—)	— (—)	— (—)	— (—)	2,945,717 (384,880)
Guarantees given to banks for working capital facilities availed by subsidiaries	1,017,800,000 (151,572,000)	— (—)	— (—)	— (—)	— (—)	1,017,800,000 (151,572,000)
Rent expense incurred	— (—)	— (—)	24,000 (24,000)	— (—)	148,260 (148,264)	172,260 (172,264)
Consultancy charges paid	— (—)	— (—)	— (—)	1,695,096 (1,020,096)	— (—)	1,695,096 (1,020,096)
Sale of polished diamonds	792,108,860 (800,074,167)	— (—)	— (—)	14,261,894 (6,157,517)	283,500 (—)	806,654,254 (806,231,684)
Sale of rough diamond	98,119,889 (10,506,728)	— (—)	— (—)	— (—)	— (—)	98,119,889 (10,506,728)
Sale of jewellery	1,579,259,377 (295,625,006)	— (—)	— (—)	— (—)	— (—)	1,579,259,377 (295,625,006)
Sale of consumables	1,469,288 (112,619)	— (—)	— (—)	— (—)	— (—)	1,469,288 (112,619)
Purchase of polished diamonds	1,243,710,524 (1,173,190,622)	— (—)	— (—)	— (—)	— (—)	1,243,710,524 (1,173,190,622)
Purchase of rough diamonds	448,214,539 (173,279,117)	— (—)	— (—)	— (—)	— (—)	448,214,539 (173,279,117)
Purchase of Jewellery	222,432,151 (—)	— (—)	— (—)	— (—)	— (—)	222,432,151 (—)
Purchase of Consumables	104,091 (—)	— (—)	— (—)	— (—)	— (—)	104,091 (—)
Managerial remuneration	— (—)	— (—)	10,144,408 (14,382,076)	— (—)	— (—)	10,144,408 (14,382,076)
Loan given	— (297,241,506)	50,000 (50,000)	— (—)	— (—)	659,951 (146,260,970)	709,951 (443,552,476)
Loan given received back	— (336,100,884)	5,334,383 (—)	— (—)	— (—)	122,994,003 (45,745,836)	128,328,386 (381,846,720)
Loan taken	— (—)	— (—)	244,500,000 (210,000,000)	— (—)	— (—)	244,500,000 (210,000,000)
Loan repayment	— (—)	— (—)	244,500,000 (210,000,000)	— (—)	— (—)	244,500,000 (210,000,000)
Share application money refund received	363,698,974 (277,013,768)	— (—)	— (—)	— (—)	— (—)	363,698,974 (277,013,768)
Share application money paid	346,831,925 (94,142,802)	— (38,000)	— (—)	— (—)	— (—)	346,831,925 (94,180,802)
Interest received on share application money	8,453,965 (13,218,097)	— (—)	— (—)	— (—)	— (—)	8,453,965 (13,218,097)
Capital introduced in partnership firm	4,500,514,020 (3,359,260,543)	66,463 (—)	— (—)	— (—)	— (—)	4,500,580,483 (3,359,260,543)
Capital withdrawn from partnership firm	2,990,214,917 (2,641,545,954)	66,463 (—)	— (—)	— (—)	— (—)	2,990,281,380 (2,641,545,954)
Sale of fixed assets	6,350,538 (1,333,582)	— (—)	— (—)	— (—)	— (—)	6,350,538 (1,333,582)
Balances receivable as at year end	3,557,547,064 (415,927,539)	163,000 (9,180,015)	— (—)	— (—)	42,445,083 (164,779,134)	3,600,155,147 (592,048,370)
Balances payable as at year end	38,139,347 (88,002,053)	1,111,072 (—)	— (—)	— (—)	— (—)	39,250,419 (88,002,053)

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

Suashish Diamonds Limited

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

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
Reimbursements made towards expenses		
Suashish Realtors Private Ltd.	—	23,062
Suashish Properties Private Ltd.	—	—
Goenka Laser House Private Ltd.	—	61,906
Suashish Diamdeal (India) Ltd.	—	59,656
Suashish Realty Private Ltd.	—	18,000
Reimbursements received against expenses incurred		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	23,632,624	19,303,233
Rent expense incurred		
Suashish Realtors Private Ltd.	38,364	38,360
Suashish Properties Private Ltd.	31,608	31,608
Goenka Laser House Private Ltd.	39,144	39,148
Suashish Diamdeal (India) Ltd.	39,144	39,148
Ashish R. Goenka	24,000	24,000
Consultancy charges paid		
Amita Kedia	350,400	275,400
Siddharth Kedia	744,696	744,696
Sunita Bangla	600,000	—
Sale of polished diamonds		
Suashish Diamonds (Hong Kong) Ltd.	785,358,696	620,994,714
Suashish Jewellery India Ltd.	—	175,540,578
Sale of rough diamonds		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	98,119,889	10,506,728
Sale of Jewellery		
Suashish Jewels Inc.	1,562,452,193	293,268,611
Sale of consumables		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	1,469,288	112,619
Purchase of polished diamonds		
Suashish Diamonds (Hong Kong) Ltd.	—	200,584,997
Suashish Jewels Inc.	—	—
Suashish Diamonds (Botswana) (Proprietary) Ltd.	1,193,382,100	972,605,625
Purchase of rough diamonds		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	448,214,539	173,279,117
Purchase of jewellery		
Suashish Jewels Inc.	203,969,215	—
Purchase of consumables		
Suashish Jewels Inc.	104,091	—
Managerial remuneration		
Mr. Ashish R. Goenka	8,600,000	13,500,000
Mr. Pawan Bangla	1,153,100	—
Guarantee commison on corporate guarantee given		
Suashish Diamonds (Botswana) (Proprietary) Limited	2,005,121	384,880
Suashish Diamonds (Hongkong) Limited	940,596	—
Guarantee given to banks for working capital facilities availed		
Suashish Diamonds (Botswana) (Proprietary) Limited	508,900,000	151,572,000
Suashish Diamonds (Hongkong) Limited	508,900,000	—

Suashish Diamonds Limited

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
Loan given		
Suashish Jewellery India Ltd.	—	297,241,506
Goenka Laser House Pvt. Ltd.	237,626	—
Suashish Properties Private Ltd.	133,570	52,169,305
Suashish Realtors Private Ltd.	121,814	—
Suashish Diamdeal (India) Ltd.	166,941	63,478,188
Loan given received back		
Suashish Realtors Private Ltd.	20,565,001	—
Suashish Properties Private Ltd.	40,877,002	—
Suashish Diamdeal (India) Ltd.	61,322,000	—
Suashish Jewellery India Ltd.	—	336,100,884
Loan taken from Director		
Ashish R. Goenka	244,500,000	210,000,000
Loan repaid to Director		
Ashish R. Goenka	244,500,000	210,000,000
Advance from customers		
Suashish Diamonds (Hongkong) Ltd.	508,900,000	
Share application money refund Received		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	354,686,974	277,013,768
Share application money paid		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	336,606,600	94,142,802
Interest received on share application money		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	8,453,965	13,218,097
Capital introduced in partnership firm		
Goenka Trading Company	2,485,592,406	2,966,189,119
M.G. Investments	2,000,050,405	—
Capital withdrawn from partnership firm		
Goenka Trading Company	2,366,890,015	2,618,919,746
M.G. Investments	597,516,314	—
Sale of fixed assets		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	6,350,538	1,329,936
Balances receivable as at year / year end		
Suashish Jewels Inc.	688,731,137	—
Suashish Diamonds (Hong Kong) Ltd.	116,955,306	58,900,111
Suashish Diamonds (Botswana) (Proprietary) Ltd.	—	179,930,583
Suashish Diamdeal (India) Ltd.	—	63,174,486
Suashish Property Pvt. Ltd.	—	63,623,305
Suashish Jewellery India Ltd.	—	149,526,462
Balances payable as at year / year end		
Suashish Diamonds (Botswana) Private Limited	—	85,840,371
Suashish Diamonds (Hong Kong) Ltd.	508,900,000	—

Goenka Laser House Pvt. Ltd., Suashish Properties Pvt. Ltd., Suashish Realtors Pvt. Ltd. and Suashish Diamdeal (India) Ltd., has given their office premises as security for working capital facility availed by the Company.

39. Lease disclosures:

The Company has entered into agreement for obtaining one office premises on rent which is in nature of operating leases. The period of lease range is for 11 months and is cancellable in nature. Amount paid / payable in respect of such leases are charged to statement of profit and loss on accrual basis.

Suashish Diamonds Limited

40. Earnings per Share:

Particulars	Current Year 2011-2012	Previous Year 2010-2011
(i) Net profit/(loss) after tax available for equity share holders (Rs.)	375,077,702	618,575,193
(ii) Weighted average number of equity shares outstanding during the year / year	20,763,300	20,763,300
(iii) Basic and Diluted earnings/(loss) per share (Rs.)	18.06	29.79
(iv) Nominal value of share (Rs.)	10.00	10.00

41. 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.
42. 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.
43. As the Company is yet to appoint a company secretary under Section 383A of the Companies Act, 1956 to fill up the vacancy caused by resignation of earlier company secretary the accounts have not been signed by a company secretary.
44. The revised Schedule VI as notified under the Companies Act, 1956, has become applicable to the Company for presentation of its financial statements for the year ending 31 March 2012. The adoption of the revised Schedule VI requirements has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been reclassified in accordance with current year requirements. Figures of the current year are not comparable with that of the previous year due to amalgamation of Suashish Jewellery India Limited.
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Signature to note '1' to '44'

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**
Chartered Accountants

(Nirmal Jain)

Partner

Membership No. 34709

Mumbai, Dated : 23rd August, 2012

On behalf of the Board of directors

Ashish R. Goenka

Chairman and Managing Director

Rajesh R. Kedia

Wholetime Director

Mumbai, Dated : 23rd August, 2012

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 2012 and the related consolidated statement of profit and loss 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, M/s. Goenka Trading Company, whose financial statements reflect total assets of Rs.2,569,672,426 as at 31 March 2012, total revenue of Rs.3,659,696,822 and cash inflows amounting to Rs. 7,107,897 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. Further, attention is drawn to the following:
 - a) *We did not audit the financial statements of Suashish Jewels Inc., Suashish Jewels Canada Inc., M/s.M.G. Investments and M/s. Mohinidevi Goenka Investments, subsidiary companies / entities, whose financial statements reflect total assets of Rs.3,121,083,467 as at 31 March 2012, total revenue of Rs. 1,777,087,042 and cash outflows amounting to Rs.20,500,149 for the year ended on that date. For the purpose of consolidated financial statements for the year ended 31 March 2012, Compilation 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 compilation 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 2011 and as at 31 March 2012 of Rs. 47,125,189 and Rs.41,533,667 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 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 2012 could not be ascertained;*
 - d) *Note 24 regarding income on buyer's credit comprising of interest income on fixed deposits and finance cost on buyers credit adjusted in "Cost of materials";;*
 - e) *Note 30 for non provision towards loans and advances given to a body corporate of Rs.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 2012 could not be ascertained; and*
5. 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'.
6. 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 above*, we are of the opinion that the attached consolidated financial

Suashish Diamonds Limited

statements read with other notes thereon, 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 2012;
- b) the consolidated statement of profit and loss, 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 Reg. No.121750W

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai, Dated: 23rd August, 2012

Consolidated Balance Sheet

As at 31 March, 2012

	Note No.	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	208,120,500	208,120,500
Reserves and surplus	4	7,100,378,771	6,656,787,842
		<u>7,308,499,271</u>	<u>6,864,908,342</u>
Minority interest		572,178,344	251,415,847
Non-current liabilities			
Deferred tax liabilities (Net)	5	23,186,123	23,993,225
Other long term liabilities	6	—	4,415,240
Long-term provisions	7	4,002,822	2,800,955
		<u>27,188,945</u>	<u>31,209,420</u>
Current liabilities			
Short-term borrowings	8	4,509,130,623	9,371,394,072
Trade payables	9	468,782,703	206,286,684
Other current liabilities	10	97,342,022	195,739,070
Short-term provisions	11	1,223,641	7,819,316
		<u>5,076,478,989</u>	<u>9,781,239,142</u>
TOTAL		<u><u>12,984,345,549</u></u>	<u><u>16,928,772,751</u></u>
ASSETS			
Non-current assets			
Fixed assets	12		
(i) Tangible assets		674,790,917	663,042,647
(ii) Intangible assets		4,518,457	1,619,851
(iii) Capital work-in-progress		17,334,202	2,579,759
Non-current investments	13	3,299,843,663	2,922,019,135
Long-term loans and advances	14	80,294,981	18,852,240
Other non-current assets	15	2,713,830	457,119,442
		<u>4,079,496,050</u>	<u>4,065,233,074</u>
Current assets			
Current investments	16	1,526,035	400,000,000
Inventories	17	2,678,249,697	1,307,764,190
Trade receivables	18	1,751,220,559	814,081,556
Cash and bank balances	19	3,070,469,107	8,882,476,965
Short-term loans and advances	20	1,051,495,024	1,082,210,372
Other current assets	21	351,889,077	377,006,594
		<u>8,904,849,499</u>	<u>12,863,539,677</u>
TOTAL		<u><u>12,984,345,549</u></u>	<u><u>16,928,772,751</u></u>

Summary of significant accounting policies

2

The accompany notes are an integral part of the financial statements

As per our report of even date attached

On behalf of the Board of directors

For SURESH SURANA & ASSOCIATES

Chartered Accountants

(Nirmal Jain)

Partner

Membership No.: 34709

Mumbai; Dated: 23rd August, 2012

Ashish R. Goenka

Rajesh R. Kedia

Chairman & Managing Director

Wholtime Director

Mumbai; Dated: 23rd August, 2012

Suashish Diamonds Limited

Consolidated Statement of Profit and Loss

For the year ended 31 March, 2012

	Note No.	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
Revenue from operations	22	12,470,642,042	10,636,924,057
Other income	23	263,616,648	927,870,840
Total Revenue		12,734,258,690	11,564,794,897
Expenses:			
Cost of materials	24	11,716,823,313	9,378,088,874
Changes in inventories of finished goods, traded goods and work-in-progress	25	(982,410,789)	424,814,929
Employee benefits expense	26	182,314,376	146,779,313
Finance costs	27	313,864,225	131,615,650
Depreciation and amortization expense		51,992,932	39,043,137
Other expenses	28	925,600,963	582,532,357
Preliminary expenses written-off		—	50,829
Total expenses		12,208,185,020	10,702,925,089
Profit before exceptional item and tax		526,073,670	861,869,808
Exceptional item:			
- Loss on sale of investment in subsidiary company [refer note 2 (c) (2)]		—	(17,633,750)
Profit before tax		526,073,670	844,236,058
Tax expense:			
Current tax		(75,152,529)	(160,337,270)
Less: MAT credit entitlement		11,134,679	—
Deferred tax		861,290	11,659,986
Prior year tax adjustments (net)		1,130,702	(1,573,456)
Share of loss of associates for the year		(32,840)	(15,802,240)
Profit after taxation and before minority interest		464,014,972	678,183,078
Minority interest loss / (profit) for the year		(48,534,366)	1,923,254
Profit / (loss) for the year		415,480,606	680,106,332
Earnings per equity share:			
(1) Basic		20.01	32.76
(2) Diluted		20.01	32.76
Nominal value of equity shares		10.00	10.00

Summary of significant accounting policies

2

The accompany notes are an integral part of the financial statements

As per our report of even date attached

On behalf of the Board of directors

For **SURESH SURANA & ASSOCIATES**

Chartered Accountants

Ashish R. Goenka

Chairman & Managing Director

(Nirmal Jain)

Rajesh R. Kedia

Wholtime Director

Partner

Membership No.: 34709

Mumbai; Dated: 23rd August, 2012

Mumbai; Dated: 23rd August, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax and exceptional items	526,073,670	861,869,808
ADJUSTMENTS FOR		
Depreciation / Amortisation	51,992,932	39,043,137
Profit on sale of fixed assets (net)	(6,730,389)	(1,368,542)
Interest / Dividend income	(271,531,283)	(122,402,818)
Interest expense	169,338,944	75,351,118
Change in translation reserve	22,029,893	(5,758,098)
	(34,899,903)	(15,135,203)
Operating profit before working capital changes	491,173,767	846,734,605
ADJUSTMENTS FOR		
Trade and other receivables	(1,025,173,150)	115,579,202
Inventories	(1,370,485,507)	608,751,139
Trade payables and other trade liabilities	507,726,192	(86,939,897)
	(1,887,932,465)	637,390,444
Cash generated from / (used in) operations	(1,396,758,698)	1,484,125,049
Direct taxes paid	(111,252,456)	(73,677,138)
	(1,508,011,154)	1,410,447,911
Share of minority in profit for the year	(48,534,366)	1,923,254
Net cash from / (used in) operating activities	(1,556,545,520)	1,412,371,165
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of fixed assets/capital expenditure	(88,472,185)	(42,651,118)
Proceeds from sale of fixed assets	19,888,753	13,241,018
Changes in investments (net)	20,616,597	(1,627,798,655)
Loans (granted) / received (net)	43,845,330	(313,951,149)
Interest and dividend received	269,585,258	113,603,313
Net cash from / (used) in investing activities	265,463,753	(1,857,556,591)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings (net of repayments)	(4,862,263,449)	(1,504,362,257)
Fixed deposits matured (net)	6,526,671,632	1,606,257,479
Interest paid	(113,041,287)	(152,611,758)
Dividend on Equity share capital	(26,967)	(797)
Net cash (used in) / from in financing activities	1,551,339,929	(50,717,333)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	260,258,162	(495,902,759)
Cash and cash equivalents - opening balance	29,973,801	525,876,560
Cash and cash equivalents - closing balance	290,231,963	29,973,801
Net (decrease) / increase as disclosed above	260,258,162	(495,902,759)
Cash and cash equivalents not available for use by the Group:	452,850	479,817
Cash and cash equivalents as at year end comprise of:		
Cash and cash equivalents	3,073,182,937	9,339,596,407
Less: Fixed deposits	2,782,950,974	9,309,622,606
	290,231,963	29,973,801

Summary of significant accounting policies 2
The accompany notes are an integral part of the financial statements

As per our report of even date attached
For **SURESH SURANA & ASSOCIATES**
Chartered Accountants
(Nirmal Jain)
Partner
Membership No.: 34709
Mumbai; Dated: 23rd August, 2012

On behalf of the Board of directors

Ashish R. Goenka
Rajesh R. Kedia

Chairman & Managing Director
Wholetime Director

Mumbai; Dated: 23rd August, 2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. Description of the Group:

Suashish Diamonds Limited and its subsidiaries (collectively referred as “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.

2. 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	— (—)	US Dollars	10/03/2004
Suashish Jewels Inc.^	USA	47.62 (47.62)	US Dollars	12/04/2005
Suashish Jewels Canada Inc.	Canada	100.00 (100.00)	Canadian Dollar	10/02/2011
Suashish Diamonds (Botswana) (Proprietary) Limited	Botswana	100.00 (100.00)	Pula	29/08/2005
Suashish Jewelry India Limited #	India	— (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* (70.00)*	Indian Rupees	17/01/2011

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

@ During the previous 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.

Subsidiary was amalgamated with the Company with effect from 1 April 2011.

* Share in profit / (loss) of partnership firm.

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

Name of the Subsidiaries	Country of incorporation	Extent of holding (%)	Reporting currency	Effective date of becoming subsidiary
Suashish Finance Limited	India	49.68 (49.68)	Indian Rupees	27/04/1994
Taruvarsh Leasing Company Pvt. Ltd.	India	48.74 (48.74)	Indian Rupees	06/01/2004
Suashish Realty LLP. (formerly Suashish Realty Private Limited)	India	35.00 (35.00)	Indian Rupees	09/03/2007

Figures in brackets are corresponding figures of the previous year.

d) Fixed assets

Fixed assets are stated at cost of acquisition or construction (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 till such assets are ready to be put to use. 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 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.

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B NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
3 SHARE CAPITAL		
Authorised		
25,000,000 (25,000,000) Equity shares of Rs.10 each	250,000,000	250,000,000
2,000,000 (2,000,000) Redeemable cumulative non-convertible preference shares of Rs.100 each	<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 2011: 20,763,300) Equity shares of Rs.10 each fully paid up	207,633,000	207,633,000
(Of the above, 13,849,000 (as at 31 March 2011: 13,849,000) equity shares are allotted as fully paid up bonus shares by capitalisation of general reserve)		
Add: Forfeited shares (amount originally paid-up)	<u>487,500</u>	<u>487,500</u>
Total	<u>208,120,500</u>	<u>208,120,500</u>

a) Details of reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:

Particulars	Number	As at 31/03/2012 (Rs.)	Number	As at 31/03/2011 (Rs.)
Equity shares:				
Shares outstanding at the beginning of the year	20,763,300	207,633,000	20,763,300	207,633,000
Shares issued during the year	—	—	—	—
Shares outstanding at the end of the year	<u>20,763,300</u>	<u>207,633,000</u>	<u>20,763,300</u>	<u>207,633,000</u>

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shares in the company held by each shareholder holding more than 5 percent:

Name of Shareholder	No. of Shares held	As at 31/03/2012 % of Holding	No. of Shares held	As at 31/03/2011 % of Holding
Radiant Holdings Pvt. Ltd.	3,371,000	16.24	3,371,000	16.24
Rapid Holdings Pvt. Ltd.	3,371,000	16.24	3,371,000	16.24
Goenka Holdings Pvt. Ltd.	3,371,000	16.24	3,371,000	16.24
Fabulous Holdings Pvt. Ltd.	3,371,000	16.24	3,371,000	16.24
Mr. Ishan Ashish Goenka	1,558,088	7.50	1,558,088	7.50

d) No shares were allotted for consideration other than cash and as bonus shares in last five years.

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
4 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 reserves arising on consolidation	8,603,232	8,603,232
Translation reserves	63,338,661	35,228,338
Surplus :		
Opening balance	3,382,660,103	2,702,553,771
Profit for the current year	415,480,606	680,106,332
Closing balance	3,798,140,709	3,382,660,103
Total	7,100,378,771	6,656,787,842
5 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Depreciation	25,434,640	25,261,570
Total (a)	25,434,640	25,261,570
Less: Deferred tax assets:		
Provision for gratuity	50,433	51,634
Expenses allowable on payment basis	218,582	1,216,711
Short term capital loss	1,979,502	—
Total (b)	2,248,517	1,268,345
Total (a-b)	23,186,123	23993225
<p>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.</p>		
6 OTHER LONG TERM LIABILITIES		
Deposits	—	4,415,240
Total	—	4,415,240
7 LONG TERM PROVISIONS		
Provision for employee benefits		
Gratuity (unfunded)	4,002,822	2,800,955
Total	4,002,822	2,800,955
8 SHORT TERM BORROWINGS		
Secured		
Working capital loans - from banks		
In foreign currency	2,789,466,426	8,384,350,281
In rupees	1,189,894,289	894,768,988
Bank overdraft	529,769,908	92,274,803
Total	4,509,130,623	9,371,394,072

Working capital loans - from banks In foreign currency

The foreign currency loans included in working capital facilities are secured against the fixed deposits of Rs. 832,600,000 (as at 31 March 2011 Rs. 7,715,875,000). Foreign currency loans carries interest 2% to 4% p.a. (previous year @ 2% to 4% p.a.)

Suashish Diamonds Limited

The short term loan facility of USD 4.50 million (previous year:Nil) availed by Suashish Diamonds (Botswana) (Proprietary) Limited bears interest at the 6 months LIBOR for USD + 2.5%. It is secured by hypothecation of stocks, book debts and plant and machinery and a corporate guarantee of holding company Suashish Diamonds Limited.

Working capital facility of USD 10 million availed by Suashish Diamond (Hongkong) Ltd. is secured by corporate guarantee of holding company Suashish Diamonds Limited. Interest rate is 3% +LIBOR 0.8071.

Working capital loans - from banks-in Rupees

Working capital loans from banks are secured by hypothecation of entire current assets (first pari passu) of the Company, equitable mortgage by deposit of title deeds of factory building at Borivali and office premises of the Company at Bharat Diamond Bourse and office premises of four companies in which directors have significant influence, corporate guarantee of four companies in which directors have significant influence and lien on fixed deposits.

Loans carries interest 11.75% to 12.28% p.a. (previous year @10.50% to 12.18% p.a.)

Bank overdraft

Secured by lien on fixed deposits of Rs.906,475,000 (as at 31 March 2011: Nil). Interest rate is 10.50%

The bank overdraft facility of USD 5.50 million (previous year USD 3.40 million) availed by Suashish Diamonds (Botswana) (Proprietary) Limited bears interest at the 6 months LIBOR For USD +2.5% on the overdrawn balance and expires in 12 months from date of disbursement. It is secured by hypothecation of stocks, book debts and plant and machinery and a corporate guarantee of holding company Suashish Diamonds Limited.

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
9 TRADE PAYABLES		
Trade payables	468,782,703	206,286,684
Total	468,782,703	206,286,684
10 OTHER CURRENT LIABILITIES		
Advances from customers	52,107,189	3,823,223
Interest accrued but not due on loans	1,859,845	34,216,457
Book overdraft	19,490,955	135,748,411
Unclaimed dividends*	452,850	479,817
Payable to employees	1,323,375	2,112,771
Sundry creditor for fixed assets	1,311,473	6,940
Payable against shares	—	202,255
Deposit	8,358,775	12,600,720
Other liability	12,437,560	6,548,476
Total	97,342,022	195,739,070
* Amount does not include any amount which is required to be credited to the Investor Education and Protection Fund.		
11 SHORT TERM PROVISIONS		
Provision for employee benefits		
Provsion for leave encashment (unfunded)	957,722	1,146,622
Provsion for gratuity (unfunded)	265,919	6,436,689
Other provisions:		
Provision for wealth tax	—	236,005
Total	1,223,641	7,819,316

(Amount in Rupees)

12 FIXED ASSETS

Particulars	TANGIBLE ASSETS										INTANGIBLE ASSETS
	Leasehold land	Buildings	Leasehold premises	Cost of improvement to lease hold premises	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Total	Computer software	
Gross block (At cost or revalued)											
As at 1 April 2010	845,000	325,295,079	75,922,000	4,098,326	392,889,780	43,742,441	73,256,187	29,582,334	945,631,147	291,353	
Adjustment on translation	—	(331,861)	—	(4,985)	46,056	(6,431)	(63,580)	2,598	(358,203)	—	
Additions	—	193,500,269	—	—	23,073,007	3,779,268	4,226,563	10,771,201	235,350,308	1,899,203	
Disposals	—	8,359,552	—	—	13,647,255	1,044,194	—	2,809,556	25,860,557	—	
As at 31 March 2011	845,000	510,103,935	75,922,000	4,093,341	402,361,588	46,471,084	77,419,170	37,546,577	1,154,762,695	2,190,556	
Adjustment on translation	—	5,769,348	—	104,759	1,008,993	134,329	1,810,661	41,479	8,869,569	—	
Additions	—	—	—	—	45,047,395	8,422,740	13,421,655	2,581,080	69,472,870	4,244,872	
Disposals	—	9,545,608	—	—	5,557,193	78,474	875,323	6,690,504	22,747,102	—	
As at 31 March 2012	845,000	506,327,675	75,922,000	4,198,100	442,860,783	54,949,679	91,776,163	33,478,632	1,210,358,032	6,435,428	
Depreciation											
As at 1 April 2010	105,625	123,787,631	1,598,358	1,238,969	237,051,586	32,131,093	51,604,648	18,378,329	465,896,239	250,294	
Adjustment on translation	—	(30,656)	—	(5,028)	983,246	(6,245)	40,268	107,579	1,089,164	—	
For the year	42,250	10,385,028	799,152	285,940	17,372,541	2,669,624	4,700,253	2,467,938	38,722,726	320,411	
On disposals	—	816,839	—	—	12,350,004	821,238	—	—	13,988,081	—	
As at 31 March 2011	147,875	133,325,164	2,397,510	1,519,881	243,057,369	33,973,234	56,345,169	20,953,846	491,720,048	570,705	
Adjustment on translation	—	690,951	—	104,759	302,723	132,700	1,531,348	26,658	2,789,139	—	
For the year	42,250	10,702,673	799,179	285,940	23,416,317	3,662,984	7,427,590	4,309,733	50,646,666	1,346,266	
On disposals	—	770,987	—	—	2,356,467	38,188	198,778	6,224,318	9,588,738	—	
As at 31 March 2012	190,125	143,947,801	3,196,689	1,910,580	264,419,942	37,730,730	65,105,329	19,065,919	535,567,115	1,916,971	
Net Block											
As at 31 March 2011	697,125	376,778,771	73,524,490	2,573,460	159,304,219	12,497,850	21,074,001	16,592,731	663,042,647	1,619,851	
As at 31 March 2012	654,875	362,379,874	72,725,311	2,287,520	178,440,841	17,218,949	26,670,834	14,412,713	674,790,917	4,518,457	

Notes:

- Gross block of vehicles includes Rs.1,807,422 (as at 31/03/2011 Rs.1,807,422), vehicles registered in the name of the employees.
- Gross block of plant and machinery includes Rs. 4,605,000 (as at 31/03/2011 Rs.4,605,000) being Company's share in cost of assets whose ownership is not with the Company.
- Gross block of buildings include Rs. 13,403,000 (as at 31/03/2011 Rs. 13,403,000) being cost of shares towards occupancy rights.

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	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
13 NON CURRENT INVESMENTS		
(Trade, Unquoted and Long-term):		
In Associates:		
13,200 (13,200) Equity shares of Rs.10 each fully paid up of Taruvarsh Leasing Co. Pvt. Ltd.	660,000	660,000
Cost of investment (including Capital Reserve of Rs.26,226,825 arising on acquisition)		
– Add: Share of profit upto previous year	1,783,862	17,586,102
– Add: Share of profit/(loss) for the year	(32,840)	(15,802,240)
	<u>2,411,022</u>	<u>2,443,862</u>
Investment in Suashish Realty LLP. (As at 31 March 2011 : 35,000 Equity shares of Rs.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)
	<u>—</u>	<u>—</u>
3,850,000 (3,850,000) Equity shares of Rs. 10 each fully paid up of Suashish Finance Limited (fully provided / written off)	—	—
Other investments:		
In Equity shares - unquoted	14,227,038	14,425,886
In Equity shares - quoted	2,941,929,947	2,435,368,124
In Preference shares	2,486,939	5,840,544
In Debentures	142,067,972	199,915,000
17,858 (17,858) 0% Bond of National Bank for Agriculture And Rural Development (NABARD) of Rs.20,000 each (maturity date - 01/02/2019)	168,208,436	168,208,436
995.0 Standard Gold Bar 2,050 gms (2,030 gms)	2,543,281	2,491,115
In Mutual Funds	25,969,028	93,326,168
Total	<u><u>3,299,843,663</u></u>	<u><u>2,922,019,135</u></u>
14 LONG TERM LOANS AND ADVANCES		
Loan to staff	771,558	630,579
Prepaid expenses	716,568	624,813
Advance income tax (net of provision)	58,495,359	8,414,702
Fringe benefit tax	—	5,329
MAT credit entitlement	20,311,496	9,176,817
	<u>80,294,981</u>	<u>18,852,240</u>
15 OTHER NON-CURRENT ASSETS		
Non-current bank balances (refer note 19)	2,713,830	457,119,442
	<u>2,713,830</u>	<u>457,119,442</u>
16 CURRENT INVESMENTS		
In Mutual Funds	—	400,000,000
In Jewellery	1,526,035	—
	<u>1,526,035</u>	<u>400,000,000</u>

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
17 INVENTORIES		
(As taken, valued and certified by the management)		
Raw materials:		
– Rough diamonds	666,439,787	292,198,331
– Polished diamonds	789,525	72,446,950
– Jewellery	149,102,655	64,759,269
Work in progress of jewellery	55,577,304	27,674,047
Finished goods / traded goods:		
– Polished diamonds	1,023,998,624.00	449,982,594
– Jewellery	495,587,108.00	245,248,405
– Commodity	280,490,985	150,338,186
Consumables, stores and spares	6,263,709	5,116,408
Total	2,678,249,697	1,307,764,190
<p>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.</p> <p>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’.</p> <p>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.</p> <p>The impact on profit for the year, reserves and surplus and inventories as at 31 March 2012, if any, due to the above deviations is not ascertainable.</p>		
18 TRADE RECEIVABLES		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months from the date they are due for payment	79,064,558	17,701,226
Other debts	1,672,156,001	796,380,330
Total	1,751,220,559	814,081,556
19 CASH AND BANK BALANCES		
Balances with banks:		
– In current accounts	287,211,028	25,589,335
Cash on hand	3,020,935	4,384,466
	290,231,963	29,973,801
Other bank balances		
In fixed and margin deposit accounts	2,782,950,974	9,309,622,606
	2,782,950,974	9,309,622,606
Amount disclosed under non-current assets (refer note 15)	(2,713,830)	(457,119,442)
Total	3,070,469,107	8,882,476,965

Suashish Diamonds Limited

	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
20 SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans to staff	243,801	378,078
Loans to others	60,673,291	67,033,083
Loan to associates	3,617,617	8,902,000
Advances recoverable in cash or in kind or for value to be received *	946,229,184	970,518,868
Prepaid expenses	5,106,954	341,684
Security deposits	35,624,177	35,036,659
Total	1,051,495,024	1,082,210,372
*includes amount recoverable from a partner in a partnership firm Rs.660,513,173 (as at 31 March 2011: Rs.703,855,709)		
21 OTHER CURRENT ASSETS		
Interest accrued but not due	176,780,321	265,445,408
Receivable against sale of investments	4,430,910	—
Receivable against cancellation of forward contract	170,677,846	111,561,186
Total	351,889,077	377,006,594
22 REVENUE FROM OPERATIONS		
Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
Sales of raw material / finished goods / traded goods		
– Rough diamonds	6,712,176,506	6,131,021,819
– Polished diamonds	2,175,381,450	2,496,217,085
– Raw material	—	106,352
– Jewellery	2,532,990,429	1,993,329,065
Job work sales	—	8,913,106
Sale of electricity generated from windmills	9,148,968	7,336,630
Other operating income:		
– Sale of commodity / bullion	1,040,944,689	—
Total	12,470,642,042	10,636,924,057
23 OTHER INCOME		
Interest income :		
On Fixed deposit with banks / security deposit	155,335,172	46,762,385
On income tax refund	1,946,025	8,799,505
Income from investment :		
Dividend income : On long term investments (other than trade)	99,524,083	57,156,502
Interest income on Debentures	14,726,003	9,684,426
Gain / (loss) on sale of long term investments (Other than trade)	(5,057,397)	296,662,621
Profit / (loss) from dealing in derivative instruments	(16,064,197)	(2,685,135)
Profit / (loss) on sale of shares	(4,065,213)	(24,123,460)
Exchange rate difference (net)	—	507,004,007
Rent	6,144,546	21,444,864
Profit on sale of fixed assets (net)	6,730,389	1,368,542
Miscellaneous income	4,397,237	5,796,583
Total	263,616,648	927,870,840

24 COST OF MATERIALS

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
a) Raw materials consumed		
Opening stock	429,404,550	615,147,346
Add: Purchases [including commission on imports and cleaving charges]	9,310,785,357	7,394,235,264
Less: Closing stock	816,331,967	429,404,550
Total (a)	8,923,857,940	7,579,978,060
b) Purchase of finished goods		
Purchases of - Polished diamonds	1,620,562,897	1,792,587,026
Purchases of - Jewellery	191,282,213	74,009,501
Purchases of - Commodity / Bullion	1,149,655,658	150,486,622
Total (b)	2,961,500,768	2,017,083,149
c) Net income on buyers credit #	(168,535,395)	(218,972,335)
Total (a + b + c)	11,716,823,313	9,378,088,874

The Company has availed buyer's credit in foreign currency from banks secured by lien on fixed deposits, for import of goods. Net income on buyer's credit Rs. 168,535,395 (previous year Rs. 218,972,335) comprises of interest income of Rs. 588,282,781 (previous year Rs. 707,533,475) on fixed deposits, finance cost Rs. 126,991,541 (previous year Rs. 210,537,938) and Exchange rate difference loss Rs. 292,755,845 (previous year Rs. 278,023,202).

25 CHANGES IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS

a) Changes in inventories of finished goods / traded goods		
Closing stock of finished goods / traded goods		
– Polished diamonds	1,023,998,624	449,982,594
– Jewellery	495,587,108	245,248,405
– Commodity	280,490,985	150,338,186
	1,800,076,717	845,569,185
Less:		
Opening stock of finished goods / traded goods		
– Polished diamonds	449,982,594	1,073,950,132
– Jewellery	245,248,405	169,430,897
– Commodity	150,338,186	—
	845,569,185	1,243,381,029
Total (a)	(954,507,532)	397,811,844
b) Changes in Work in Progress		
Closing stock	55,577,304	27,674,047
Opening stock	27,674,047	54,677,132
Total (b)	(27,903,257)	27,003,085
Total (a+b)	(982,410,789)	424,814,929

26 EMPLOYEE BENEFITS EXPENSE

Salaries, bonus, commission and allowances	160,940,326	129,178,752
Contribution to provident and other funds	5,655,140	3,102,968
Gratuity	935,069	4,541,377
Staff welfare expenses	14,783,841	9,956,216
Total	182,314,376	146,779,313

Suashish Diamonds Limited

Particulars	Current Year 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
27 FINANCE COSTS		
Interest expense	169,338,944	75,351,118
Exchange difference on foreign currency borrowings	120,337,062	45,052,081
Loan processing and other charges	24,188,219	11,212,451
Total	313,864,225	131,615,650
28 OTHER EXPENSES		
Processing charges	227,851,912	147,195,438
Stores, spares and tools consumed	37,026,397	28,037,801
Power and electricity	11,142,870	13,105,257
Communication expenses	5,569,170	4,310,779
Printing and stationery	3,161,195	2,767,472
Travelling and conveyance expenses	32,461,175	34,996,702
Legal and professional fees	20,807,331	23,191,198
Bad debts	2,948,712	8,179,441
Balances written off	9,123,367	—
Rent	25,513,834	18,556,761
Rates and taxes	4,985,927	4,098,354
Repairs and maintenance:		
– plant and machinery	895,908	751,312
– buildings	935,334	2,307,525
– other	11,073,555	11,520,622
Exchange rate difference (net)	263,992,158	—
Insurance charges	7,708,519	7,432,468
Auditor's remuneration	4,260,693	5,242,181
Donations	10,984,703	1,318,000
Compensation	—	4,053,600
Bank charges	46,163,101	14,860,112
Miscellaneous expenses #	23,642,089	31,196,988
Commission and brokerage on sales	16,145,682	6,403,872
Advertisement expenses	11,813,820	18,368,798
Sales promotion expenses	73,288,921	60,611,577
ECGC Premium	3,953,441	2,742,898
Freight, clearing and forwarding charges	27,197,406	64,477,198
Discount allowed	42,953,743	66,806,003
Total	925,600,963	582,532,357

includes prior period expense of Rs. Nil (previous year Rs.3,539,142)

Suashish Diamonds Limited

	As on 31/03/2012 (Rs.)	As on 31/03/2011 (Rs.)
29. Commitments and contingent liabilities not provided for:		
a) Disputed tax liability:		
i. Sales tax	2,516,895	2,516,895
ii Income tax	6,447,592	—
iii Service Tax	37,341,208	—
b) Bank guarantees given by banks on behalf of the group / company	5,104,572	4,670,724

30. 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 LLP (formerly Suashish Realty Pvt. Ltd.), 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 2012 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 Rs.1,000,000 whose net worth has been fully eroded, as the management is confident of recovering the amount in full.

31. Differences in accounting policy for depreciation:

Depreciation on fixed assets relating to the subsidiary companies, Suashish Diamonds (Hong Kong) Limited and Suashish Jewels Inc. has been provided on straight-line method as against written down value method followed by the Company. Depreciation for the year includes Rs.2,301,696 (previous year Rs. 2,584,425) 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 2012 is Rs.31,690,738 (as at 31 March 2011 Rs. 37,119,356).

Depreciation has been charged on fixed assets by subsidiary entities M/s. Goenka Trading Company, M/s. Mohinidevi Goenka Investments and Suashish Diamonds (Botswana) (Proprietary) Ltd as allowable under tax laws. Depreciation for the year includes Rs. 11,746,729 (previous year Rs. 4,383,591) 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 2012 is Rs.259,766,408 (as at 31 March 2011 Rs. 243,486,577).

32. Earnings per share:

	Current Year 2011-2012	Previous Year 2010-2011
(i) Net profit after tax available for equity shareholders (Rs.)	415,480,606	680,106,332
(ii) Weighted average number of equity shares outstanding during the year (Nos.)	20,763,300	20,763,300
(iii) Basic and diluted earnings per share (Rs.)	20.01	32.76
(iv) Nominal value of share (Rs.)	10.00	10.00

33. 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.

Suashish Diamonds Limited

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

(Amount in Rs.)

Sr. No.	Particulars	Outside India	Within India	Total
1.	Segment Revenue			
	Sales and income from operations	7,601,386,356 (7,572,149,373)	4,869,255,686 (3,064,774,684)	12,470,642,042 (10,636,924,057)
2.	Carrying amount of assets by geographical location of assets			
	Segment assets	2,237,679,631 (1,212,197,958)	10,667,859,063 (15,698,977,945)	12,905,538,694 (16,911,175,903)
3.	Additions to fixed assets and intangible assets	27,604,743 (15,683,595)	46,112,999 (221,565,916)	73,717,742 (237,249,511)

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.

34. Related party disclosures:

- Related party relationships:
 - Associates : Suashish Finance Ltd.
Taruvarsh Leasing Company Pvt. Ltd.
Suashish Realty LLP (Formerly Suashish Realty Pvt Ltd)
 - Key management personnel : Mr. Ashish R. Goenka
Mr. Rajesh R. Kedia
Mr. Pawan kumar Bagla (w.e.f. 3 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
Mrs. Sunita Bagla
 - 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

(Amount in Rs.)

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)	— (—)	— (—)	86,489 (177,632)	86,489 195,632
Reimbursements received towards expenses	602 (—)	— (—)	— (—)	68,849 (—)	69,451 (—)
Rent expenses incurred	— (—)	24,000 (24,000)	— (—)	164,856 (164,748)	188,856 (188,748)
Sale of polished diamonds	— (—)	— (—)	14,261,894 (6,157,517)	283,500 (—)	14,545,394 (6,157,517)
Managerial remuneration	— (—)	19,867,767 (21,645,099)	— (—)	— (—)	19,867,767 (21,645,099)
Consultancy charges paid	— (—)	— (—)	1,695,096 (1,020,096)	— (—)	1,695,096 (1,020,096)
Loans given	50,000 (50,000)	— (—)	— (—)	659,951 (146,260,970)	709,951 (146,310,970)
Loans given received back	5,334,383 (—)	— (—)	— (—)	122,994,003 (45,745,836)	128,328,386 (45,745,836)
Loan taken	— (—)	244,500,000 (210,000,000)	— (—)	— (—)	244,500,000 (210,000,000)
Loan repayment	— (—)	244,500,000 (210,000,000)	— (—)	— (—)	244,500,000 (210,000,000)
Share application money paid	— (38,000)	— (—)	— (—)	— (—)	— (38,000)
Capital introduced in subsidiary entities	66,463 (199,000)	1,769,143,158 (2,287,612,045)	170,724,741 (70,000)	— (2,50,000)	1,939,934,362 (2,288,131,045)
Capital withdrawn from subsidiary entities	115,463 (95,000)	1,598,687,825 (2,457,706,931)	— (—)	911,000 (14,966,449)	1,599,714,288 (2,472,768,380)
Balances receivable as at year end	3,780,617 (9,180,015)	660,463,173 (703,905,709)	— (—)	42,445,083 (164,779,134)	709,698,873 (877,864,858)
Balances payable as at year end	32,640,862 (32,699,160)	— (—)	— (—)	106,382,262 (107,043,897)	139,023,124 (139,743,057)

Note: Figures in the brackets are corresponding figures 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 2011-2012 (Rs.)	Previous Year 2010-2011 (Rs.)
Reimbursements made towards expenses		
Suashish Diamdeal (India) Ltd.	23,476	66,285
Goenka Laser House Private Ltd.	23,477	68,785
Suashish Realtors Private Ltd.	20,559	25,625
Suashish Properties Private Ltd.	18,977	—
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	42,732
Sale of polished diamond		
Mrs. Lavina A. Goenka	14,261,894	6,157,517
Managerial remuneration		
Mr. Ashish R. Goenka	8,600,000	13,500,000
Mr. Rajiv M. Somani	9,723,359	7,263,023
Consultancy charges paid		
Mrs. Amita Kedia	350,400	275,400
Mr. Siddharth Kedia	744,696	744,696
Mrs. Sunita Bagla	600,000	—
Loan given		
Suashish Diamdeal (India) Ltd.	166,941	63,478,188
Suashish Properties Private Ltd.	133,570	52,169,305
Suashish Realtors Private Ltd.	121,814	30,248,477
Goenka Laser House Private Ltd.	237,626	—
Loan given received back		
Suashish Properties Private Ltd.	40,877,002	26,890,000
Suashish Realtors Private Ltd.	20,565,001	18,213,197
Suashish Diamdeal (India) Ltd.	61,322,000	—
Share application money paid		
Suashish Finance Ltd.	—	38,000
Capital introduced in subsidiary entities		
Mr. Ashish R. Goenka	1,641,952,261	2,187,513,212
Capital withdrawn from subsidiary entities		
Mr. Ashish R. Goenka	1,598,687,825	2,457,556,931
Loan taken from Director		
Mr. Ashish R. Goenka	244,500,000	210,000,000
Loan repayment to Director		
Mr. Ashish R. Goenka	244,500,000	210,000,000
Balances receivable as at year end		
Mr. Ashish R. Goenka	660,463,173	703,905,709
Suashish Properties Private Ltd.	22,879,873	—
Suashish Realtors Private Ltd.	17,512,093	—
Balances payable as at year end		
Taruvarsh Leasing Company Pvt. Ltd.	32,640,862	32,699,160
Ramesh kumar Goenka (HUF)	106,382,262	107,042,228

The working capital facilities of Rs. 525 crores are secured by equitable mortgage by deposit of title deeds of factory and office premises in Mumbai and office premises of four companies in which directors have significant influences, hypothecation of stock-in-trade, book debts, movables and other assets both present and future.

35. 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 31/03/2012 Rs.	As at 31/03/2011 Rs.
Not later than one year	13,511,326	7,585,424
Later than one year and not later than five years	9,888,235	9,495,826
Later than five years	—	—

The amount of lease payments with respect to the above leases recognized in the profit and loss account for the year is Rs.13,576,526 (previous year Rs.8,156,869).

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 lease payments received with respect to the above lease and recognised in the profit and loss account for the year is Rs.6,144,546 (previous year Rs. 21,444,864). Since the Company has given part of the premises on lease it is not feasible to give disclosure regarding Gross carrying amount, accumulated depreciation and accumulated impairment losses at the balance sheet date.

36. 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.
37. As the Company is yet to appoint a company secretary under Section 383A of the Companies Act, 1956 to fill up the vacancy caused by resignation of earlier company secretary the accounts have not been signed by a company secretary.
38. The revised Schedule VI as notified under the Companies Act, 1956, has become applicable to the Company for presentation of its financial statements for the year ended 31 March 2012. The adoption of the revised Schedule VI requirements has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been regrouped / rearranged in accordance with current year requirements.

Signature to note '1' to '38'

For **SURESH SURANA & ASSOCIATES**
Chartered Accountants

(Nirmal Jain)
Partner
Membership No.: 34709
Mumbai; Dated: 23rd August, 2012

On behalf of the Board of directors

Ashish R. Goenka Chairman & Managing Director
Rajesh R. Kedia Wholetime Director
Mumbai; Dated: 23rd August, 2012

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 Jewels Canada Inc.
2.	Financial Year ended on	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012
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	145,000
	b) Face Value per Share	Pula 1	US\$ 1	US\$ 1	US\$ 10,000	CAD 1
	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	(61,797,361)	37,024,034	(1,165,411)	54,426,494	(3,596,793)
	b) For the Previous Financial Year since it became a subsidiary.	(44,257,473)	42,990,583	(4,842,837)	16,664,709	—
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:

Suashish Jewellery India Limited ceased to be the Subsidiary, as it was amalgamated with Company vide Order dated 20th January, 2012 of Hon'ble High Court Bombay.

On behalf of Board of Directors

Ashish R. Goenka

Chairman &
Managing Director

Rajeshkumar R. Kedia

Wholetime Director

Mumbai, 23rd August, 2012

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 24th Annual General Meeting of the Company to be held at Suashish Diamonds Industrial Estate, CTS No. 78-A/6, Plot No. 3, Ground Floor, Dattapada Road, Borivali (East), Mumbai-400 066 on Thursday, the 27th day of September, 2012 at 11.00 a.m.

DP/Client I.D. No.

Ledger Folio No.

No. of Shares held

Member/Proxy Signature

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

TEAR HERE

SUASHISH DIAMONDS LTD.

Registered Office : Mehta Mahal, 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 at the 24th Annual General Meeting of the Company to be held at Suashish Diamonds Industrial Estate, CTS No. 78-A/6, Plot No. 3, Ground Floor, Dattapada Road, Borivali (East), Mumbai-400 066 on Thursday, the 27th day of September, 2012 at 11.00 a.m.

on _____, _____, 2012.

Signed this day of 2012.

DP/Client I.D. No.

Ledger Folio No.

No. of Shares held

Please
affix
1 Rupee
Revenue
Stamp

Signature(s) of the Shareholder(s)

Notes:

- (a) 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.
- (b) 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