



suashish
Suashish Diamonds Limited

25TH ANNUAL REPORT 2012-13

Suashish Diamonds Limited

GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. Ashish R. Goenka	Chairman & Managing Director
Mr. Rajeshkumar R. Kedia	Whole-time Director
Mr. Pawankumar S. Bagla	Executive Director
Mr. Kamal R. Gupta	Non - Executive Director
Mr. Nilesh B. Mehta	Non - Executive Director
Mr. Pradeep O. Chirania	Non - Executive Director

COMPANY SECRETARY

Ms. Bijal K. Gada
w.e.f. 17th December, 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
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 Fifth 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 Friday, the 27th day of September, 2013 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, 2013, the Statement of Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Kamal R. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Rajeshkumar R. Kedia, 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** Mr. Pradeep O. Chirania, who was appointed as an Additional Director of the Company with effect from 10th November, 2012 in terms of Section 260 of the Companies Act, 1956 read with Article No. 111 of the Articles of Association of the Company who holds office upto the conclusion of the ensuing Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
- 6) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and any amendments made thereto from time to time and as recommended by Remuneration Committee of the Company, the consent of the members of the Company be and is hereby accorded for re-appointment of Mr. Pawankumar S. Bagla as an Executive Director of the Company for a further period of three years with effect from 3rd November, 2013 on the following terms of payment of remuneration:

Salary Grade	: Rs. 100,000/- to Rs. 300,000/- Per Month inclusive of all allowance
Gross Salary Per month	: Not exceeding Rs. 100,000/-
Medical Reimbursement	: Rs.1250/- per month.
House Rent allowance	: not exceeding 50% of Basic Salary

The payment of Bonus, contribution to Provident Fund, Gratuity, Super Annuation, Leave encashment, City Compensatory Allowance and Transportations Allowance shall be paid as per the rules of the Company.

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

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. Pawankumar S. Bagla as an Executive 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. Pawankumar S. Bagla including remuneration as the Board of Directors or Remuneration Committee may deem fit and as may be agreed to by Mr. Pawankumar S. Bagla, 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.”

- 7) To consider and if thought fit, to pass with or without modification, the following resolution as an Special Resolution
“**RESOLVED THAT** the consent of the members of the Company under Section 314(1) of the Companies Act, 1956, be and is hereby accorded to Mr. Siddharth Kedia, Consultant of the Company for holding and continue to hold the office or place of profit, being a relative of Director of the Company.

RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby accorded for payment of salary to Mr. Siddharth Kedia of Rs. 62,058/- p.m. in the salary grade of Rs. 50,000/- to Rs. 2,00,000/- per month with an authority to the Board of Directors to give an increment from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as the case may be necessary for the aforesaid purpose.”

- 8) To consider and if thought fit, to pass with or without modification, the following resolution as an Special Resolution
“**RESOLVED THAT** the consent of the members of the Company under Section 314(1) of the Companies Act, 1956, be and is hereby accorded to Mrs. Sunita Bagla, Consultant of the Company for holding and continue to hold the office or place of profit, being a relative of Director of the Company.

RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby accorded for payment of salary to Mrs. Sunita Bagla of Rs. 50,000/- p.m. in the salary grade of Rs. 50,000/- to Rs. 2,00,000/- per month with an authority to the Board of Directors to give an increment from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as the case may be necessary for the aforesaid purpose.”

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 Saturday, the 21st September, 2013 to Friday, the 27th September, 2013 (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) Members are requested to bring their attendance slip sent herewith duly filled for attending the meeting and copy of Annual Report to the Meeting.
- 8) Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as provided under Section 109A of the Companies Act, 1956 are requested to submit the details to the Company's Registrar and Share Transfer Agent.
- 9) Those members who have not claimed Dividend / Encashed their Dividend Warrants for the Financial Years 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 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.

- 10) 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

**Ashish R. Goenka
Chairman &
Managing Director**

Registered Office:

Mehta Mahal, 11th Floor
15, Mathew Road
Opera House
Mumbai – 400 004
Mumbai, 30th May, 2013

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, 6, 7 & 8 OF THE NOTICE DATED 30TH MAY, 2013

Item No. 5

Mr. Pradeep O. Chirania was appointed by the Board of Directors as an Additional Director of the Company with effect from 10th November, 2012, in terms of Section 260 of the Companies Act, 1956. Mr. Pradeep O. Chirania has versatile experience in industry. He holds office up to the date of the Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company proposing Mr. Pradeep O. Chirania as a candidate for the office of Director, liable to retire by rotation.

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

None of the Directors except Mr. Pradeep O. Chirania is concerned or interested in the said resolution.

Item No. 6

The terms of office of Mr. Pawankumar S. Bagla as the Executive Director of the Company will expire on 2nd November, 2013. As per the recommendation of Remuneration Committee, the Board of Directors at their meeting held on 30th May, 2013 have re-appointed Mr. Pawankumar S. Bagla as an Executive Director for a further period of three years with effect from 3rd November, 2013 subject to the approval of members on the terms of payment of remuneration as mentioned in the Ordinary Resolution at item no. 6 of the Notice.

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. Pawankumar S. Bagla is concerned or interested in the said resolution.

Item No. 7

Mr. Siddharth Kedia, a relative of Director had been appointed as Consultant of the Company at a salary of Rs. 62,058/- p.m. in the salary grade of Rs. 50,000/- to Rs. 2,00,000/- per month. Pursuant to the provisions of Section 314 of the Companies Act, 1956 read with the Directors Relative (Office or Place of Profit) Rules, 2003 the Company requires to take approval of the Members of the Company by passing a Special Resolution in this regards. The Board recommends the resolution at item no. 7 for approval of the Members.

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

The Board recommends the resolution for your approval.

Item No. 8

Mrs. Sunita Bagla, a relative of Director had been appointed as Consultant of the Company at a salary of Rs. 50,000/- p.m. in the salary grade of Rs. 50,000/- to Rs. 2,00,000/- per month. Pursuant to the provisions of Section 314 of the Companies Act, 1956 read with the Directors Relative (Office or Place of Profit) Rules, 2003 the Company requires to take approval of the Members of the Company by passing a Special Resolution in this regards. The Board recommends the resolution at item no. 8 for approval of the Members.

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

The Board recommends the resolution for your approval.

For and on Behalf of the Board

**Ashish R. Goenka
Chairman &
Managing Director**

Registered Office:

Mehta Mahal, 11th Floor
15, Mathew Road
Opera House
Mumbai – 400 004
Mumbai, 30th May, 2013

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	Kamal R. Gupta
Date of Birth	22 nd December, 1941
Date of Appointment	31 st January, 2002
Qualification	B.Com. (Hons.), LL.B
Expertise	Industrialist
Directorship of other Companies	Nil
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Chairman – 1. Audit Committee 2. Remuneration Committee 3. Shareholder / Investor Grievance Committee 4. Share Transfer Committee

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

Name of the Director	Pradeep O. Chirania
Date of Birth	2 nd November, 1972
Date of Appointment	10 th November, 2012
Qualification	B.COM, FCA,DISA (ICA)
Expertise	Vast experience of more than 16 years of practice as Chartered Accountant. Area of Specializations : Direct Taxes, Audit & Management Consultancy
Directorship of other Companies	Nil
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Member - 1. Audit Committee 2. Remuneration Committee 3. Shareholder/ Investor Grievance Committee

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 S. Bagla has versatile experience of 23 years in different industries in the Finance and General Management
Directorship of other Companies	1. Suashish Diamdeal (India) Limited 2. Poddar Tyres Limited
Shareholding in the Company	Nil
Committee Membership / Chairmanship	Nil

Directors' Report

Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Accounts for the year ended 31st March, 2013.

Financial Results

	Year ended 31.03.2013	(Rupees in million) Year ended 31.03.2012
Sales and other income	10095.46	11829.83
Operating profit before Finance cost and Depreciation	1016.50	772.94
Less :		
Depreciation	37.49	37.91
Finance Cost	217.52	298.50
Profit before tax	761.49	436.53
Tax Expenses		
Current Tax	(144.00)	(72.50)
Mat Credit Entitlement	—	11.13
Deferred Tax	2.11	(1.21)
Prior year tax adjustment	1.27	1.13
Profit after tax	620.87	375.08
Earnings per share (in Rs.) (Basic & Diluted)	29.90	18.06

Dividend

Keeping in mind the need to conserve resources, your Directors do not recommend any dividend for the year ended 31st March, 2013.

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 2012-13 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. Kamal R. Gupta and Mr. Rajeshkumar R. Kedia retires by rotation at the ensuing Annual General Meeting and offers themselves for re-appointment.

Mr. Pradeep O. Chirania who was appointed as an Additional Director with effect from 10th November, 2012 holds office up to the date of ensuing Annual General Meeting. A notice in writing has been received from a member of the company under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Pradeep O. Chirania for the office of the Director of the Company. The Board recommends his appointment.

The existing tenure of Mr. Pawankumar S. Bagla as the Executive Director will expire on 2nd November, 2013. The Board at its meeting held on 30th May, 2013 has re-appointed Mr. Pawankumar S. Bagla as the Executive Director of the Company for a further period of three years w.e.f 3rd November, 2013. The Board of Directors recommends his re-appointment.

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, 2013; 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, 2013 and of the profit or loss of the Company for the year ended 31st March, 2013;
- (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, 2013 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, 2013 are appended herewith.

CEO - CFO Certification

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

Auditors

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

Suashish Diamonds Limited

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

**Ashish R. Goenka
Chairman &
Managing Director**

Place: Mumbai

Date: 30th May, 2013

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)	
	2012-13	2011-12
Earnings in Foreign Exchange	5123.53	7611.35
Expenditure in Foreign Exchange	5004.79	9359.45

For and on behalf of the Board

**Ashish R. Goenka
Chairman &
Managing Director**

Place: Mumbai

Date: 30th May, 2013

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 comprised of six members during the year 2012-13 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. Shailesh S. Vaidya resigned from the Directorship of the Company w.e.f. 26th July, 2012 and Mr. Pradeep O. Chirania was appointed as an Additional Director w.e.f. 10th November, 2012.

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. Five Board Meetings were held during the year on 15th May, 2012; 13th August, 2012; 23rd August, 2012; 10th November, 2012 and 13th February, 2013.

Name of the Director	Executive/ Non-Executive/ Independent/ Promoter	No. of Board Meetings attended	Attended Annual General Meeting	No. of Directorships held in other Public Limited Companies #	No. of Board Committees held in other Public Limited Companies as a Member/ Chairman #
Ashish R. Goenka (Chairman & Managing Director)	Executive, Promoter	5	Yes	2	Nil
Rajeshkumar R. Kedia	Executive	5	Yes	2	Nil
Pawankumar Bagla	Executive	5	Yes	2	Nil
Kamal R. Gupta	Non-Executive, Independent	5	Yes	Nil	Nil
Shailesh S. Vaidya *	Non-Executive, Independent	1	NA	—	—
Nilesh B. Mehta	Non-Executive, Independent	Nil	No	4	4
Pradeep O. Chirania **	Non-Executive, Independent	2	NA	Nil	Nil

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

* Mr. Shailesh S. Vaidya ceased to be a Director w.e.f. 26/07/2012 and

** Mr. Pradeep O. Chirania appointed as an Additional Director w.e.f. 10/11/2012.

3. Audit Committee

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

Thereafter, on resignation of Mr. Shailesh S. Vaidya from the Directorship the Audit Committee was re-constituted w.e.f. 27th July, 2012 by appointing Mr. Nilesh B. Mehta in place of Mr. Shailesh S. Vaidya and the Audit Committee then comprised of Mr. Kamal R. Gupta, Non-Executive and Independent Director, Mr. Nilesh B. Mehta, Non-Executive and Independent Director and Mr. Rajeshkumar R. Kedia, Executive Director as the Members of the Committee. Mr. Kamal R. Gupta continued being the Chairman of the Audit Committee.

Further, on appointment of Mr. Pradeep O. Chirania as the Director of the Company, the Board once again at its Board Meeting dated 10th November, 2012 re-constituted the Audit Committee by appointing Mr. Pradeep O. Chirania in place of Mr. Nilesh B. Mehta and the Committee thereafter comprised of Mr. Kamal R. Gupta, Non-Executive and Independent Director, Mr. Pradeep O. Chirania, Non-Executive and Independent Director and Mr. Rajeshkumar R. Kedia, Executive Director as the Members of the Committee. Mr. Kamal R. Gupta continued being the Chairman of the Audit Committee.

Suashish Diamonds Limited

All the Members of the Audit Committee are financially literate and have accounting and financial management expertise. The Company Secretaries of the Company acted as a Secretary of the Committee.

Mr. Srikant Mohan resigned as the Company Secretary w.e.f 31st May 2012 and thereafter Ms. Bijal Gada joined on 17th December 2012.

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:

15th May, 2012; 13th August, 2012; 23rd August, 2012; 10th November, 2012 and 13th February, 2013

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	1
Rajeshkumar R. Kedia	5
Nilesh B. Mehta	3
Pradeep O. Chirania	1

Audit Committee Meetings were also attended by President - Finance and 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 25th July, 2012.

The Remuneration Committee comprised of three Non-Executive Directors and one Executive Director. Mr. Kamal R. Gupta is the Chairman of the Committee and Mr. Shailesh S. Vaidya, Mr. Nilesh B. Mehta and Mr. Ashish R. Goenka are the Members of the Committee.

The Board of Directors at its Board Meeting held on 13th February, 2013 re-constituted the Remuneration Committee by appointing Mr. Pradeep O. Chirania in place of Mr. Shailesh S. Vaidya and the Committee comprised of Mr. Kamal R. Gupta, Mr. Pradeep O. Chirania, Mr. Nilesh B. Mehta and Mr. Ashish R. Goenka are the Members of the Committee. Mr. Kamal R. Gupta continued being the Chairman of the Committee.

The primary objective of the Committee is to determine and recommend to the Board of Directors, the remuneration payable to the Managing Director and Whole-time Directors, to determine and advise the Board on the appointment and payment of remuneration and / or annual increment to the Managing Director and Whole-time Directors.

Remuneration and terms of appointment of Directors

Details of remuneration paid / payable to Directors for the year ended 31st March, 2013 and their terms of appointment are as under:

Remuneration of Directors

(Amount in Rs.)

Name of the Directors	Category	Salary	Provident Fund Contribution	Commission	Sitting Fees	Total
Mr. Ashish R. Goenka	Executive, Promoter	4,800,000	—	10,000,000	—	14,800,000
Mr. Rajeshkumar R. Kedia	Executive	369,708	21,600	—	—	391,308
Mr. Pawankumar Bagla	Executive	1,494,295	89,280	—	—	1,583,575
Mr. Kamal R. Gupta	Non-Executive, Independent	—	—	—	40,000	40,000
Mr. Shailesh S. Vaidya	Non-Executive, Independent	—	—	—	10,000	10,000
Mr. Nilesh B. Mehta	Non-Executive, Independent	—	—	—	10,000	10,000
Mr. Pradeep O. Chirania	Non-Executive, Independent	—	—	—	10,000	10,000
Total		6,664,003	110,880	10,000,000	70,000	16,844,883

5. Related Party Transactions

Transactions with related parties are disclosed in note 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. Following is the composition of the committee:

Name	Category	Designation	No. of Meetings attended	No. of Meetings held
Kamal R. Gupta	Non-Executive; Independent	Chairman	4	4
Rajeshkumar R. Kedia	Executive	Member	4	4
Shailesh S. Vaidya	Non-Executive; Independent	Member	1	1
Pradeep O. Chirania	Non-Executive; Independent	Member	1	1

Mr. Rajeshkumar R. Kedia, Whole-time Director is the Compliance Officer of the Company.

Share Transfers

All shares have been transferred and returned within period as stipulated by law from the date of receipt provided all the documents are valid and complete in all respect.

As on 31st March, 2013 no shares were pending for transfer for more than the period as stipulated by law.

Investors' Complaints received during the year from 1st April, 2012 to 31st March, 2013 is mentioned hereunder:

No. of Complaints Received	No. of Complaints Resolved	No. of Complaints Pending
1	1	0

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
2011-2012	Thursday 27 th September, 2012	11.00 a.m.	Suashish Diamonds Industrial Estate, CTS No. 78-A/6, Plot No. 3, Ground Floor, Dattapada Road, Borivali (East), Mumbai – 400 066	No
2010-2011	Wednesday, 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

No resolution was passed through postal ballot during the year 2012-2013.

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 16 to the Financial Statements.

Suashish Diamonds Limited

- 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) 25th Annual General Meeting

Date	27 th September, 2013
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, 2013 to March, 2014

c) Financial Calendar

Results for quarter ending June 30, 2013 By end of 15th Aug, 2013
Results for quarter ending Sept 30, 2013 By end of 15th Nov, 2013
Results for quarter ending Dec 31, 2013 By end of 15th Feb, 2014
Results for quarter ending Mar 31, 2014 By end of 15th May, 2014

d) Date of Book Closure

Saturday, 21st September, 2013 to
Friday, 27th September, 2013 (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) Listing fees

Listing fees as required have been paid to the above stock exchange

h) (i) ISIN allotted to Equity Shares

INE658A01017

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

526733

i) 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

j) Share Transfer System

Shares lodged in physical form with the Company / its Registrar and Share Transfer Agent are processed and returned duly transferred within stipulated time.

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.

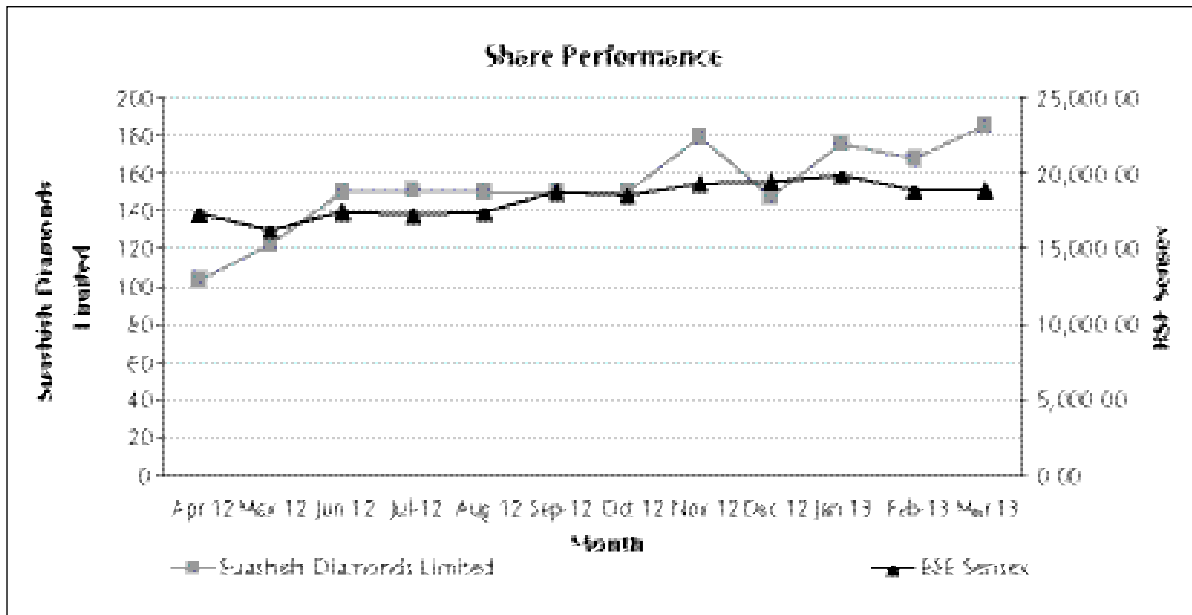
k) Dematerialisation of shares

As on 31st March, 2013, 20704908 shares (99.72% of the total no. of shares) is in dematerialized form. The Company's shares are compulsorily traded in dematerialized form.

l) Market price data (BSE)

Month	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April, 2012	110.85	98.00	51,341
May, 2012	127.75	100.00	81,869
June, 2012	154.90	117.60	71,042
July, 2012	158.90	145.80	38,222
August, 2012	158.70	134.20	62,637
September, 2012	155.50	141.00	17,956
October, 2012	157.90	146.55	15,262
November, 2012	197.20	150.00	48,304
December, 2012	186.90	146.00	48,287
January, 2013	182.00	149.60	58,237
February, 2013	182.00	163.50	59,209
March, 2013	198.85	153.00	102,681

m) Stock Performance v/s. BSE Sensex



n) Distribution of Shareholding as on 31st March, 2013:

Shareholding	No. of Shareholders	Percentage	No. of Shares held	Percentage
Less than 500	2060	88.412	220021	1.060
501 – 1,000	101	4.335	74608	0.359
1,001 – 2,000	66	2.833	96277	0.464
2,001 – 3,000	17	0.730	41491	0.200
3,001 – 4,000	9	0.386	31842	0.153
4,001 – 5,000	10	0.429	45673	0.220
5,001 – 10,000	24	1.030	174262	0.839
10,001 and above	43	1.845	20079126	96.705
	2330	100.00	20763300	100.00

Suashish Diamonds Limited

o) Shareholding Pattern as on 31st March, 2013:

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 the securities
	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	Total no. of shares	Number of shares held in demated 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 Group					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	8	4899000	4899000	23.59	23.59
(b)	Central / 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	—	—	—	—	—

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)
(d)	Qualified Foreign Investor	—	—	—	—	—
(e)	Any Other (specify)	—	—	—	—	—
	Sub-Total (A)(2)	—	—	—	—	—
	Total holding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	18	18568800	18568800	89.43	89.43
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds/ UTI	1	100	0	0.00	0.00
(b)	Financial Institutions/ Banks	—	—	—	—	—
(c)	Central / State Government(s)	—	—	—	—	—
(d)	Venture Capital Funds	—	—	—	—	—
(e)	Insurance Companies	—	—	—	—	—
(f)	Foreign Institutional Investors	—	—	—	—	—
(g)	Foreign Venture Capital Investors	—	—	—	—	—
(h)	Qualified Foreign Investor	—	—	—	—	—
(i)	Any Other (specify)	—	—	—	—	—
	Sub-Total (B)(1)	1	100	0	0.00	0.00
(2)	Non-institutions					
(a)	Bodies Corporate	132	1244242	1241741	5.99	5.99
(b)	Individuals -					
	i. Individual shareholders holding nominal share capital upto Rs.1 lakh	2145	521843	466052	2.51	2.51
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	14	408586	408586	1.97	1.97
(c)	Qualified Foreign Investor	—	—	—	—	—
(d)	Any Other (specify)	—	—	—	—	—
(d-i)	NRI – Non Rep	3	4690	4690	0.02	0.02
(d-ii)	NRI – Rep	17	15039	15039	0.07	0.07
(d-iii)	Foreign National	—	—	—	—	—
(d-iv)	Overseas Corporate Bodies	—	—	—	—	—
(d-v)	Foreign Bodies	—	—	—	—	—

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)
(d-vi)	Trust	—	—	—	—	—
(d-vii)	Clearing Member	—	—	—	—	—
	Sub-Total (B)(2)	2311	2194400	2136108	10.57	10.57
	Total Public Shareholding (B)= (B)(1)+(B)(2)	2312	2194500	2136108	10.57	10.57
	TOTAL (A)+(B)	2330	20763300	20704908	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)	2330	20763300	20704908	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.	678779	3.27
	Total	678779	3.27

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, 2013.

For Suashish Diamonds Limited

**Ashish R. Goenka
Chairman &
Managing Director**

Mumbai, 30th May, 2013

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, 2013 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 our 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 we 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 we are aware and the steps we 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, 30th May, 2013

Prashant Kumar De
Chief Financial Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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 2013, 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 Registration No.:121750W

(Nirmal Jain)
Partner
Membership No.: 34709

Mumbai; 30 May 2013

Management Discussion & Analysis

GENERAL PERFORMANCE REVIEW

Financial Year 2012-13 was a challenging year for the global economy particularly for India.

India's economy witnessed a broad – based slowdown in Financial Year 2013 with GDP growing at 5% which is slowest in past ten years. However, as per the economic survey conducted by the Ministry of Finance, the economy is projected to grow at 6.1 – 6.7% for the current Financial Year 2014.

The RBI is expected to lower policy interest rates which will indeed help to encourage investment activity and push forward economic growth. Further, growth in bank credit remained subdued at 14% in Financial Year 2013 compared to 17% in previous Financial Year.

Industrial growth bounced back to 2.5% in March 2013.

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian gem and Jewellery industry has recorded a marginal growth of 3.18% in FY 2012-2013.

The total gem & Jewellery industry exports were recorded at Rs. 212,638.89 Crores in FY 2012-2013 as compared to Rs. 206,080.09 Crores in April 2011 – March 2012.

The Market was mainly driven by Coloured Gemstones and Gold Jewellery.

EXPORTS & IMPORTS

Exports of Cut and Polished diamonds continued to decrease to Rs. 94,675.12 Crores in 2012-2013 from Rs. 110,926.77 Crores in 2011-12. The import of Cut and Polished diamonds also decreased to Rs. 30,309.50 Crores in 2012-13 from Rs. 68,356.40 Crores in 2011-12.

COMPANY'S FINANCIAL PERFORMANCE

The company has recorded a gross sale of Rs. 9,644.21 million during the current accounting year ended 31st March, 2013 as against Rs. 11,568.99 million for the previous year.

The Profit Before Tax (PBT) for the current accounting period was Rs. 761.50 million (Profit of Rs. 4,36.53 million for year ended 31st March, 2012) and the Profit After Tax (PAT) of Rs. 620.87 million (Profit of Rs. 375.08 million for the year ended 31st March, 2012).

Particulars	Rs. in million			
	2012-13	2011-2012	2010-2011	2009-2010
Sales	9,644.21	11,568.99	10,208.56	12,630.68
Profit Before Tax	761.50	436.53	766.06	894.51
Profit After Tax	620.87	375.08	618.58	703.99
EPS (Rs.)	29.90	18.06	29.79	33.91

LOOKING AHEAD

The global economic environment in 2012 has been uncertain, but with the US economy and consumer confidence showing signs of steady recovery the company is hopeful of a stronger performance in 2013-14. The situation in the emerging markets although a little slower than anticipated is still showing healthy signs of growth.

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 has helped in creating customer loyalty with high repeat sales.

The Company has seen good demand and margins in its jewellery business and is continuing to focus on the same with the idea to capture maximum value through the diamond pipeline.

USA remains to be the most important and largest market for the Company with quickly increasing sales from India, Far East and other markets including Australia, South Africa, and Russia.

Suashish Diamonds Limited

DIAMOND & JEWELLERY BUSINESS

The diamond business is having margin pressures due to the disconnect between the rough diamond and polished diamond prices as an effect of the stiff pricing of rough diamonds by producers. The relatively slower demand growth in India and China, the Euro-zone financial crisis and the devaluation of the Indian rupee are adding further pressure.

The Company by virtue of being a Sightholder of Diamonds Trading Companies receives a continued supply of rough diamonds for 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 strategize effectively and aggressively target and market its products and services to leading customers worldwide.

The Company has been investing in increasing its manufacturing efficiency and flexibility 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.

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 its product offering and bespoke services making it a Supplier of Choice to some of the leading Jewellery retail chains. The new higher end Bridal jewellery and Gemstone jewellery categories have been growing rapidly.

The Company continues to invest heavily in building its E-commerce business in association with retail partners in the US and Canada. The Company is also investing to create a local Ecommerce business using its 'Ishis' brand.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Opportunities and Challenges

- With an improvement in the customer demand in the US, the Company's deep relationships with leading multiple retailers would help boost sales
- Good growth in emerging markets like India, China, Hong Kong and Russia on the back of continuing economic growth will lead to increased diamond and jewellery consumption.
- High Growth in E-Commerce sales of jewellery overseas and in India

Challenges

- Volatility in the USD – INR exchange rate is a concern
- Sluggish Euro-zone Economy and its impact on the Global scenario.
- Volatility in raw material costs (Gold, Silver, Diamonds)
- 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 economic and political factors including financial downturns, policy making by Governments, consumer confidence and competition.

The management is effectively monitoring these risks and has put in place adequate mechanisms to mitigate the risks. There are clearly defined policies with regards precious metal purchases, foreign currency exposures and sources of rough and polished diamonds. The Company constantly strives to overcome the risks by adopting a pragmatic and prudent decision making process.

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 System which also helps in identifying in-house talent and a number of vacancies were filled up by promoting deserving candidates from within the organization. Employees remained motivated and relations remained cordial and harmonious.

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 Companies 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.

Independent Auditors' Report

To,
The Members of
SUASHISH DIAMONDS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Suashish Diamonds Limited ('the Company') which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion:

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

The impact on Profit for the year, reserves and surplus and inventories as at 31 March 2013, if any, due to the above deviations is not ascertainable.

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i. in the case of Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- ii. in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of 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) *except for the effects of the matters described in the Basis of Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;*
 - e) on the basis of written representations received from the directors, as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Suresh Surana & Associates**
Chartered Accountants
Firm Registration No.121750W

(Nirmal Jain)
Partner
Membership No. 34709

Mumbai; Dated:30th May,2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' 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 Act except for interest free unsecured loans granted to eight companies during the current year. The maximum amount involved during the year was Rs.48,667,367 and year-end balance was Rs.42,508,092.
- (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 Act. Consequently, the requirements of Clause (iii)(f) and (g) of the paragraph 4 of the Order are not applicable.
- (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 Act 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 maintaining records 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, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise 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, excise duty and cess, which have not been deposited on account of any dispute. The disputed amounts that have not been deposited in respect of 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	791,264	2005-06	CIT Appeals
Income Tax Act, 1961	1,892,667	2006-07	Appellate Tribunal
Income Tax Act, 1961	2,691,962	2009-10	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 Registration No.121750W

(Nirmal Jain)
Partner
Membership No. 34709

Mumbai; Dated:30th May,2013

Balance Sheet

As at 31 March, 2013

Particulars	Note No.	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	208,120,500	208,120,500
Reserves and surplus	3	7,727,306,562	7,106,433,519
		<u>7,935,427,062</u>	<u>7,314,554,019</u>
Non-current liabilities			
Deferred tax liabilities (Net)	4	19,738,541	21,843,661
Other long term liabilities	5	2,351,002	—
Long-term provisions	6	5,343,828	4,002,822
		<u>27,433,371</u>	<u>25,846,483</u>
Current liabilities			
Short-term borrowings	7	2,167,379,040	3,475,236,904
Trade payables	8	565,376,998	289,271,179
Other current liabilities	9	126,634,193	550,990,903
Short-term provisions	10	3,409,861	1,318,925
		<u>2,862,800,092</u>	<u>4,316,817,911</u>
TOTAL		<u><u>10,825,660,525</u></u>	<u><u>11,657,218,413</u></u>
ASSETS			
Non-current assets			
Fixed assets	11		
(i) Tangible assets		291,866,865	381,922,918
(ii) Intangible assets		9,345,166	4,518,457
(iii) Capital work-in-progress		22,963,468	17,334,202
Non-current investments	12	4,778,854,141	3,945,791,311
Long-term loans and advances	13	295,564,198	73,979,354
Other non-current assets	14	—	2,713,830
		<u>5,398,593,838</u>	<u>4,426,260,072</u>
Current assets			
Current investments	15	—	1,526,035
Inventories	16	1,158,281,301	1,439,807,690
Trade receivables	17	2,652,438,330	2,274,470,407
Cash and bank balances	18	1,119,007,591	2,788,533,833
Short-term loans and advances	19	245,240,478	367,122,730
Other current assets	20	252,098,987	359,497,646
		<u>5,427,066,687</u>	<u>7,230,958,341</u>
TOTAL		<u><u>10,825,660,525</u></u>	<u><u>11,657,218,413</u></u>
Significant accounting policies	1		
The accompanying 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: 30th May 2013

On behalf of the Board of directors

Ashish R. Goenka

Chairman & Managing Director

Rajesh R. Kedia

Wholetime Director

Bijal Gada

Company Secretary

Mumbai; Dated: 30th May 2013

Statement of Profit and Loss Account

For the year ended 31 March, 2013

Particulars	Note No.	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
Revenue from operations	21	9,644,211,406	11,568,987,977
Other income	22	451,248,738	260,837,339
Total Revenue		10,095,460,144	11,829,825,316
Expenses:			
Cost of materials	23	8,432,215,730	10,507,033,400
Changes in inventories of finished goods, traded goods and work-in-progress.	24	30,429,974	(218,439,976)
Employee benefits expense	25	115,380,812	102,694,247
Finance costs	26	217,522,878	298,503,065
Depreciation and amortisation expense		37,487,277	37,907,289
Other expenses	27	500,924,841	665,600,506
Total expenses		9,333,961,512	11,393,298,531
Profit before tax		761,498,632	436,526,785
Tax expense:			
Current tax		(144,000,000)	(72,500,000)
Less: MAT credit entitlement		—	11,134,679
Deferred tax		2,105,120	(1,214,464)
Prior year tax adjustments (net)		1,269,291	1,130,702
		(140,625,589)	(61,449,083)
Profit for the year		620,873,043	375,077,702
Earnings per equity share:			
(1) Basic		29.90	18.06
(2) Diluted		29.90	18.06
Nominal value of equity shares		10.00	10.00

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

Rajesh R. Kedia

Wholetime Director

(Nirmal Jain)

PARTNER

Bijal Gada

Company Secretary

Membership No.: 34709

Mumbai; Dated: 30th May 2013

Mumbai; Dated: 30th May 2013

Suashish Diamonds Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

Particulars	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax and exceptional items	761,498,632	436,526,785
Adjustments for:		
Depreciation/amortisation	37,487,277	37,907,289
Unrealised exchange difference (net)	(15,621,198)	(17,046,103)
Loss / (Profit) on sale of fixed assets (net)	(352,000)	(2,727,862)
Fixed assets written off	16,713,213	—
Interest expense	104,936,743	160,375,798
Interest on income tax	2,300,000	—
Interest / dividend income received (net)	(196,101,160)	(212,518,056)
	(50,637,125)	(34,008,934)
Operating profit before working capital changes	710,861,507	402,517,851
Adjustments for change in working capital:		
Trade and other receivables	(396,182,880)	(866,140,978)
Inventories	281,526,389	(569,926,211)
Trade payables and other payables	(140,993,587)	350,719,323
	(255,650,078)	(1,085,347,866)
Cash generated from/ (used in) operations	455,211,429	(682,830,015)
Taxes paid	(132,078,466)	(118,319,378)
Net cash generated from / (used in) operating activities (A)	323,132,963	(801,149,393)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments made for purchase of fixed assets/ capital expenditure	(235,308,212)	(57,103,758)
Proceeds from sale of fixed assets	1,724,444	7,100,670
Changes in investments (net)	(773,743,225)	211,888,394
Loans (granted) / received back (net)	78,386,254	(165,242,172)
Dividend received	28,205,010	32,318,564
Interest received	170,273,989	170,644,898
Net cash generated from / (used in) investing activities (B)	(730,461,740)	199,606,596
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (decrease) in borrowings (net)	(1,310,749,330)	(5,820,693,033)
Interest received / (paid) (net)	45,615,718	(104,211,435)
(Increase)/Decrease in investments in fixed deposits with banks (Having original maturities beyond three months)	1,761,752,750	6,526,698,599
Dividend on equity share capital	—	(26,967)
Net cash (used in) / generated from financing activities (C)	496,619,138	601,767,164
Net (decrease) / increase in cash and cash equivalents (A+B+C)	89,290,361	224,367
Cash and cash equivalent at beginning of year	7,698,270	6,587,710
Unrealised exchange difference	145,569	49,288
Cash on amalgamation	—	836,905
Total Cash and cash equivalent at beginning of year	7,843,839	7,473,903
Cash and cash equivalent at end of year	97,134,200	7,698,270
Net increase/(decrease) as disclosed above	89,290,361	224,367
Cash and cash equivalents of closing balance comprise of:		
Cash and bank balances	97,356,517	7,843,839
Unrealised exchange difference at year end	(222,317)	(145,569)
Total Cash and cash equivalent at end of year	97,134,200	7,698,270

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.

Significant accounting policies

The accompanying 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: 30th May 2013

On behalf of the Board of directors
Ashish R. Goenka Chairman & Managing Director
Rajesh R. Kedia Wholetime Director
Bijal Gada Company Secretary
Mumbai; Dated: 30th May 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013
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 (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets:

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

d) Depreciation:

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

Leasehold land is amortised 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 realizable value.
- iv. Finished goods - Jewellery is valued at the lower of cost or net realisable value. The cost of material is determined on FIFO/specific identification basis.
- v. Finished goods - Commodity is valued at the lower of cost (including brokerage and quantity discounts) or net realizable value. The cost of material is determined on FIFO basis.
- vi. Work-in-progress of Jewellery is valued at material cost including appropriate production overheads.
- vii. Traded goods and stores and spares are valued at the lower of cost or net realizable value. Cost is determined on FIFO basis.
- viii. 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.

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 Statement of profit and loss. 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 Statement of profit and loss 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 Statement of profit and loss 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 Statement of profit and loss 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 Statement of profit and loss.

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 unrecognized 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 Company determines whether a provision should be made for impairment loss on fixed assets (including intangible assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) - 28 'Impairment of Assets'. Where the recoverable amount of any fixed 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 2013

Particulars	As at 31/03/2013 (Rs.)	As at 31/03/2012 (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
	450,000,000	450,000,000
Issued, subscribed and paid up:		
20,763,300 (as at 31 March 2012: 20,763,300) Equity shares of Rs.10 each fully paid up	207,633,000	207,633,000
Add: Forfeited shares (amount originally paid-up)	487,500	487,500
Total	208,120,500	208,120,500

a) Details of reconciliation of the number of shares outstanding:

Particulars	As at 31/03/2013 (Rs.)		As at 31/03/2012 (Rs.)	
	Number		Number	
Equity shares:				
Shares outstanding at the beginning of the year	20,763,300	207,633,000	20,763,300	207,633,000
Add: Shares issued during the year	—	—	—	—
Less: Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	20,763,300	207,633,000	20,763,300	207,633,000

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, if any 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	No. of Shares held	As at	No. of Shares held	As at
		31/03/2013 % of Holding		31/03/2012 % 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
Master Ishan Ashish Goenka	1,558,088	7.50	1,558,088	7.50
Particulars			As at 31/03/2013 (Rs.)	As at 31/03/2012 (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			3,878,047,451	3,126,863,140
Addition on amalgamation			—	376,106,609
Add: Net profit for the year			620,873,043	375,077,702
Closing balance			4,498,920,494	3,878,047,451
Total			7,727,306,562	7,106,433,519
4 DEFERRED TAX LIABILITIES (NET)				
Deferred tax liabilities:				
Depreciation			20,535,670	24,092,178
Total (a)			20,535,670	24,092,178
Less: Deferred tax assets:				
Provision for gratuity			353,816	50,433
Expenses allowable on payment basis			310,733	218,582
Short term capital loss			—	1,979,502
Preliminary expenses			132,580	—
Total (b)			797,129	2,248,517
Total (a-b)			19,738,541	21,843,661
5 OTHER LONG TERM LIABILITIES				
Security deposits			2,351,002	—
Total			2,351,002	—
6 LONG TERM PROVISIONS				
Provision for employee benefits:				
Gratuity (unfunded)			4,696,680	4,002,822
Leave encashment (unfunded)			647,148	—
Total			5,343,828	4,002,822
7 SHORT TERM BORROWINGS				
Secured				
Working capital loans - from banks				
In foreign currency			600,427,198	2,040,865,748
(The foreign currency loans included in working capital facilities are secured against the fixed deposit of Rs.408,300,000 (as at 31 March 2012 Rs.832,600,000))				

Suashish Diamonds Limited

	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
Loans carries interest 0.76 % to 1.76% p.a. (previous year @2% to 4% p.a.)		
In rupees	1,498,625,000	1,189,894,289
(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 10.00% to 11.50% p.a. (previous year @11.75% to 12.28% p.a.)		
Bank overdraft	68,326,842	244,476,867
(Secured by lien on fixed deposits of Rs. 300,000,000 (as at 31 March 2012 Rs.906,475,000))		
Total	2,167,379,040	3,475,236,904
8 TRADE PAYABLES		
Trade payables	565,376,998	289,271,179
Total	565,376,998	289,271,179
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.		
9 OTHER CURRENT LIABILITIES		
Advances from customers	47,909,203	508,900,000
Interest accrued but not due on loans	450,177	1,859,845
Book overdraft	54,714,035	19,467,835
Unclaimed dividends*	452,850	452,850
Amount payable to Suashish Realty LLP	—	1,461,072
Payable to employees	13,346,967	6,107,764
Sundry creditor for fixed assets	229,882	1,311,473
Security deposits	6,054,570	6,478,997
Statutory dues payable	3,476,509	4,951,067
Total	126,634,193	550,990,903
* Amount include Rs.145,818 which is required to be credited to the Investor Education and Protection Fund.		
10 SHORT TERM PROVISIONS		
Provision for employee benefits:		
Leave encashment (unfunded)	62,521	957,722
Gratuity (unfunded)	316,425	265,919
Other provisions:		
Provision for income tax (net)	2,930,915	—
Provision for wealth tax	100,000	95,284
Total	3,409,861	1,318,925

11 FIXED ASSETS
A) TANGIBLE ASSETS (Amount in Rupees)

Particulars	Leaseholds land	Leaseholds premises	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Total
Gross block (at cost)								
As at 1 April 2011	845,000	—	259,199,794	334,268,734	44,407,307	47,147,887	35,756,746	721,625,468
Addition on amalgamation	—	75,922,000	3,349,683	25,435,235	547,618	10,867,677	—	116,122,213
Additions	—	—	—	25,903,739	8,187,716	3,119,091	2,205,370	39,415,916
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
Additions	—	—	—	9,029,380	7,512,434	1,930,218	2,978,166	21,450,198
Disposals	—	—	—	6,230,016	21,750	—	9,763,991	16,015,757
Adjustments (Refer note 4 below)	—	—	65,153,548	—	—	—	—	65,153,548
Written - off	—	—	52,067,375	—	—	—	—	52,067,375
As at 31 March 2013	845,000	75,922,000	145,328,554	382,849,879	60,554,851	62,200,485	24,485,787	752,186,556
Depreciation								
As at 1 April 2011	147,875	—	124,630,150	223,436,464	32,412,451	39,938,770	19,803,555	440,369,265
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
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
For the year	42,250	799,179	8,448,085	15,600,900	4,141,674	2,718,836	3,876,100	35,627,024
Disposals	—	—	—	6,019,019	3,254	—	8,621,040	14,643,313
Adjustments	—	—	7,359,978	—	—	—	—	7,359,978
Written - off	—	—	35,354,162	—	—	—	—	35,354,162
As at 31 March 2013	232,375	3,995,895	101,144,383	252,566,024	40,280,913	49,172,091	12,928,010	460,319,691
Net Block								
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
As at 31 March 2013	612,625	71,926,105	44,184,171	130,283,855	20,273,938	13,028,394	11,557,777	291,866,865

Notes:

- Gross block of vehicles includes Rs.4,751,659 (as at 31/03/2012 Rs.1,807,422) registered in the name of the employees.
- Gross block of plant and equipment includes Rs.4,605,000 (as at 31/03/2012 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.Nil (as at 31/03/2012 Rs.9,789,000) being cost of shares towards occupancy rights.
- Other adjustments in buildings are towards reclassification of office premises in Bharat Diamond Bourse as investment properties on 1 January 2013.

B) INTANGIBLE ASSETS

Particulars	(Amount in Rupees)	
	Computer software	Total
Gross block (at cost)		
As at 1 April 2011	2,190,556	2,190,556
Additions	4,244,872	4,244,872
Disposals	—	—
As at 31 March 2012	6,435,428	6,435,428
Additions	6,686,962	6,686,962
Disposals	—	—
As at 31 March 2013	13,122,390	13,122,390
Depreciation		
As at 1 April 2011	570,705	570,705
For the year	1,346,266	1,346,266
On disposals	—	—
As at 31 March 2012	1,916,971	1,916,971
For the year	1,860,253	1,860,253
On disposals	—	—
As at 31 March 2013	3,777,224	3,777,224
Net Block		
As at 31 March 2012	4,518,457	4,518,457
As at 31 March 2013	9,345,166	9,345,166

C) LEASE DISCLOSURE

1) Buildings includes part of premises which have been given on lease to six parties, for which gross block, depreciation charge and net block cannot be separately determined. The company has earned a rent of Rs. 2,073,975 on the above leased premises during the year.

2) The future minimum lease receipts under operating leases in the aggregate is as follows;	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
Not later than one year	2,178,187	—
Later than one year and not later than five year	3,013,371	—
Later than five years	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)

12 NON CURRENT INVESTMENTS

(At cost)

Trade, unquoted and long-term:

In Subsidiaries:

5,000,000 (3,700,000) Equity shares of USD 1 each of Suashish Diamonds (Hong Kong) Ltd.	233,474,594	161,087,344
145,000 (145,000) Equity shares of no par value of Suashish Jewels Canada Inc., a wholly owned subsidiary company	6,769,778	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

In Associates:

Nil (13,200) Equity shares of Rs.10 each of Taruvarsh Tradeplace Pvt. Ltd. (Formerly Taruvarsh Leasing Co. Pvt. Ltd.)	—	660,000
3,850,000 (3,850,000) Equity shares of Rs. 10 each fully paid up of Suashish Finance Limited (fully provided / written off)	—	—

Suashish Diamonds Limited

	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
12 NON CURRENT INVESTMENTS (Contd.)		
In capital of partnership firm:		
Goenka Trading Company	1,904,186,487	923,651,437
Mohinidevi Goenka Investments	46,588,297	44,293,109
M. G. Investments	1,756,061,762	1,760,971,836
Suashish Realty LLP	2,460,554	350,000
Others:		
Venture capital fund unquoted:		
25,000 (25,000) Units of Kshitij Venture Capital Fund of Rs. 670 (Rs. 920) each	16,750,000	23,000,000
Investment in Equity instruments unquoted:		
5 (5) Shares of Rs. 50 each of New Ankur Co-operative Housing Society Ltd.	250	250
35,518 (43,152) Equity shares of Rs.5 each of Ansal Hi-Tech Townships Ltd.	3,133,941	3,807,529
Nil (2,328) Equity shares of Rs.5 each of Runwal Homes Private Limited	—	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
Nil (562) 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
Nil (639) Equity shares of Rs.10 each of VBHDC Bangalore Value Homes Private Limited	—	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 (2,956) Equity shares of Rs.1 each of VBHC Delhi Project Private Limited Class -A	2,956	2,956
2,956 (2,956) Equity shares of Rs.1 each of VBHC Mumbai Value Homes Private Limited Class -A	2,956	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
6,394 (6,394) Preference shares of Rs.1 each of Arimas Developers Private Limited	6,394	6,394
585 (585) Preference shares of Rs.1 each of Runwal Township Private Limited class -A	585	585
878 (878) Preference shares of Rs.1 each of Runwal Township Private Limited class -B	878	878
585 (585) Preference shares of Rs.4,197.50 each of Runwal Township Private Limited class -C	2,455,538	2,455,538
Investment in Debentures unquoted:		
Nil (6,6587) Non Convertible Debentures of Rs. 10,00,000 each of Kumar Urban Development Ltd.	—	6,808,472
Nil (28,613) Debenture of Rs.100 each of Total Environment Building Private Limited - I	—	2,861,300
Nil (14,806) Debenture of Rs.100 each of Nitesh Housing Developers Private Limited - II	—	1,480,600

	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
12 NON CURRENT INVESTMENTS (Contd.)		
Nil (18,007) Debenture of Rs.100 each of BCC Infrastructure Private Limited	—	1,800,700
Nil (14,312) Debenture of Rs.100 each of Total Environment Building Private Limited - III	—	1,431,200
1,285 (1,285) Debenture of Rs.1,000 each of Ariisto Realtors Private Limited - III	1,285,000	1,285,000
Nil (14,332) Debenture of Rs.100 each of VBHDC Bangalore Value Homes Private Limited - I	—	1,433,200
5,974 (10,660) Debenture of Rs.100 each of Nitesh Housing Developers Private Limited - III	597,400	1,066,000
972 (972) Debenture of Rs.1,000 each of Atithi Building Commodities Private Limited - II	972,000	972,000
11,884 (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
Nil (4,145) Debenture of Rs.100 each of Nitesh Housing Developers Private Limited - I	—	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
3,507 (5,105) Debentures of Rs.1000 each of Ariisto Realtors Private Limited	3,507,000	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
Nil (29,220) Debenture of Rs.100 each of Bhaveshwar Properties Private Limited - II	—	2,922,000
14,414 (29,220) Debenture of Rs.100 each of Bhaveshwar Properties Private Limited	1,441,400	2,922,000
30,635 (30,635) Convertible Debenture of Rs.100 each of Dharmesh Constructions Private Limited	3,063,500	3,063,500
Nil (28,773) Debenture of Rs.100 each of Arimas Developers Private Limited - Class A	—	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
186 (18,250) Debenture of Rs.100 each of BCC Infrastructure Private Limited - Class A	18,600	1,825,000
14,588 (20,840) Debenture of Rs.100 each of Marvel Realtors and Developers Series 1	1,458,800	2,084,000
Nil (17,175) Debenture of Rs.100 each of Total Environment Building Private Limited - II	—	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
Nil (14,797) Debenture of Rs.100 each of Total Environment Building Private Limited - IV	—	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
1,150 (13,456) Debenture of Rs.100 each of Ekta World Private Limited - Class A Series 1	115,000	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
Nil (76,143) Debenture of Rs.100 each of Almod Infrabuild Private Limited	—	7,614,300
Nil (24,191) Debenture of Rs.100 each of Anand Divine Developers Private Limited -I	—	2,419,100

Suashish Diamonds Limited

	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
12 NON CURRENT INVESTMENTS (Contd.)		
29,501 (48,382) Debenture of Rs.100 each of Anand Divine Developers Private Limited -II	2,950,100	4,838,200
Nil (6,010) Debenture of Rs.100 each of Arimans Developers Private Limited -Class -A	—	601,000
40,102 (40,102) Debenture of Rs.100 each of Arimans Developers Private Limited -Class -B	4,010,200	4,010,200
30,787 (30,787) Debenture of Rs.100 each of Dharmesh Construction Private Limited -II	3,078,700	3,078,700
4,975 (13,267) Debenture of Rs.100 each of Ekta Parksville Class-A	497,500	1,326,700
44,349 (44,349) Debenture of Rs.100 each of Ekta Parksville Homes Private Limited	4,434,900	4,434,900
11,064 (11,064) Debenture of Rs.100 each of Ekta Parksville Homes Private Limited -II	1,106,400	1,106,400
8,842 (8,842) Debenture of Rs.100 each of Ekta Parksville Homes Private Limited -III	884,200	884,200
16,838 (16,838) Debenture of Rs.100 each of Kunal Spaces Private Limited -Class -A, Deb. II	1,683,800	1,683,800
Nil (30,990) Debenture of Rs.100 each of Marvel Omega Builders	—	3,099,000
20,503 (20,503) Debenture of Rs.100 each of Neelkanth Vinayak Realtors Private Limited	2,050,300	2,050,300
2,160 (29,357) Debenture of Rs.100 each of Nilkanth Tech Park Private Limited -2011	216,000	2,935,700
29,358 (29,358) Debenture of Rs.100 each of Nilkanth Tech Park Private Limited -2011 -II	2,935,800	2,935,800
17,614 (17,614) Debenture of Rs.100 each of Nilkanth Tech Park Private Limited -2011 -III	1,761,400	1,761,400
33,971 (33,971) Debenture of Rs.100 each of Runwal Township Private Limited	3,397,100	3,397,100
19,827 (19,827) Debenture of Rs.100 each of Total Envoiment Projects -I	1,982,700	1,982,700
11,205 (16,527) Debenture of Rs.100 each of VBHC Delhi Projects Private Limited	1,120,500	1,652,700
33,675 (42,544) Debenture of Rs.100 each of VBHC Mumbai Value Homes Private Limited	3,367,500	4,254,400
65,127 (Nil) Debenture of Rs.100 each of Almond Infrabuild Pvt Ltd	6,512,700	—
5 (Nil) Non-convertible Debentures of Lodha Dwellers Pvt. Ltd. of face value of Rs.3,400,000 each	17,000,000	—
Investment in government securities:		
Nil (12,558) 0% Bond of National Bank for Agriculture And Rural Development (NABARD) of maturity value of Rs.20,000 each (maturity date - 01/02/2019)	—	114,307,436
Investment in Mutual funds:		
121,045,279 (296,207,378) Unit of HDFC CM Trasury Advantage Plan - WD of Rs.10.04 each	1,214,914	2,969,028
395,236.131 (Nil) Unit of HDFC CM Treasury Advantage Plan - Weekly Dividend -Direct Plan of Rs.10.04 each	3,969,002	—
Investment in equity instruments quoted:		
92,000 (92,000) Equity shares of Rs.10 each of Ansal Properties & Infrastructure Ltd.	7,000,611	7,000,611
50,000 (50,000) Equity shares of Rs.10 each of Bank of India	20,577,056	20,577,056
Nil (18,200) Equity shares of Rs.10 each of Globus Spirits Ltd.	—	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
100,000 (100,000) Equity shares of Rs.10 each of Indian Bank	25,719,850	25,719,850
Nil (100,000) Equity shares of Rs.10 each of Indian Oil Corporation Ltd.	—	34,506,514
100,000 (100,000) Equity shares of Rs.10 each of Indian Overseas Bank	15,380,220	15,380,220
441,000 (1,891,000) Equity shares of Rs.10 each of Industrial Finance Corporation Of India Ltd.	22,734,500	101,136,428
249,989 (249,989) Equity shares of Re.1 each of J M Financial Limited	5,770,950	5,770,950
Nil (11,750) Equity shares of Rs.100 each of Jammu & Kashmir Bank Ltd.	—	7,010,111
Nil (10,790) Equity shares of Rs.10 each of Junio Bees (Benchmark MF)	—	1,088,649
280,245(280,245) Equity shares of Rs.10 each of Oriental Bank of Commerce	103,101,454	103,101,454
6,520 (6,520) Equity shares of Rs10 each of Reliance Infrastructure Ltd.	7,012,137	7,012,137
362,000 (362,000) Equity shares of Rs10 each of Shipping Corporation Of India Ltd.	28,085,757	28,085,757

	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
12 NON CURRENT INVESTMENTS (Contd.)		
2,302,137 (2,302,137) Equity shares of Rs.10 each of Syndicate Bank	268,472,363	268,472,363
Nil (2,250) Equity shares of Rs.10 each of Tata Motors (DVR) Ltd.	—	397,223
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 2,060 gms (2,050 gms)	2,579,576	2,543,281
Investment in properties:		
Buildings	57,793,570	—
(Reclassified from fixed assets at book value (i.e.original cost minus accumulated depreciation of Rs.7,359,978)		
Total	4,778,854,141	3,945,791,311
Aggregate amount of quoted investments	617,395,309	742,031,164
Aggregate amount of unquoted investments	4,161,458,832	3,203,760,147
Market value of quoted investments	490,398,715	630,101,636
Aggregate provision for diminution in value of investments	38,500,000	38,500,000

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 31/03/2013 (Rs.)	31/03/2012 (Rs.)
Suashish Diamonds Ltd.	90.00	1,904,186,487	923,651,437
Taruvarsh Tradeplace Pvt. Ltd. (Formerly Taruvarsh Leasing Co. Pvt. Ltd.)	2.00	33,092,321	31,928,460
Shri Rameshkumar Goenka (HUF)	2.00	99,098,323	106,157,262
Shri Ashish R. Goenka	6.00	50,000	50,000
	100.00	2,036,427,131	1,061,787,159

B) Mohinidevi Goenka Investments

Particulars	Share of profit / loss (%)	Capital account balance as at 31/03/2013 (Rs.)	31/03/2012 (Rs.)
Suashish Diamonds Ltd.	99.00	46,588,297	44,293,109
Taruvarsh Leasing Company Pvt. Ltd.	1.00	713,363	712,402
	100.00	47,301,660	45,005,511

C) M. G. Investments

Particulars	Share of profit / loss (%)	Capital account balance as at 31/03/2013 (Rs.)	31/03/2012 (Rs.)
Suashish Diamonds Ltd.	70.00	1,756,061,762	1,760,971,836
Shri Ashish R. Goenka	15.00	250,415,347	237,108,342
Mrs. Lavina A. Goenka	14.00	195,100,561	180,111,689
Ashish Goenka Family Trust	1.00	1,557,631	670,496
	100.00	2,203,135,301	2,178,862,363

D) Suashish Realty LLP

Particulars	Share of profit / loss (%)	Capital account balance as at 31/03/2013 (Rs.)	31/03/2012 (Rs.)
Suashish Diamonds Ltd.	35.00	2,460,554	350,000
Shri Ashish R. Goenka	61.00	610,000	610,000
Mrs. Lavina A. Goenka	4.00	40,000	40,000
	100.00	3,110,554	1,000,000

Suashish Diamonds Limited

	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
13 LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loan to staff	311,356	771,558
Capital advance	200,460,195	—
Prepaid expenses	830,769	716,568
Security deposits	31,487,262	—
Taxes paid (net of provision)	50,790,494	52,179,732
MAT credit entitlement	11,684,122	20,311,496
	<u>295,564,198</u>	<u>73,979,354</u>
14 OTHER NON-CURRENT ASSETS		
Bank deposits (refer note 18)	—	2,713,830
	<u>—</u>	<u>2,713,830</u>
15 CURRENT INVESTMENTS		
In jewellery (at cost)	—	1,526,035
	<u>—</u>	<u>1,526,035</u>
16 INVENTORIES		
(As taken, valued and certified by the management)		
Raw materials:		
– Rough diamonds	228,434,559	497,752,036
– Polished diamonds	86,656,932	69,788,847
– Gold	46,398,702	57,326,305
– Others	32,473,101	22,777,028
Finished goods / traded goods:		
– Polished diamonds	360,290,132	726,835,401
– Jewellery	1,183,261	3,487,060
– Commodity	300,992,598	—
Work-in-progress Jewellery	93,003,800	55,577,304
Consumables, stores and spares	8,848,216	6,263,709
Total	<u>1,158,281,301</u>	<u>1,439,807,690</u>
<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>The impact on profit for the year, reserves and surplus and inventories as at 31 March 2013, if any, due to the above deviations is not ascertainable.</p>		
17 TRADE RECEIVABLES		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months from the date they are due for payment	10,520,123	4,983,892
Others debts	2,641,918,207	2,269,486,515
Total	<u>2,652,438,330</u>	<u>2,274,470,407</u>

	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
18 CASH AND BANK BALANCES		
Cash and cash equivalents:		
Balances with banks:	93,681,486	5,145,853
Cash on hand	3,675,031	2,697,986
	97,356,517	7,843,839
Other bank balances:		
Bank deposits	1,020,598,224	2,780,114,874
(under lien against borrowing, overdraft facility, guarantee and with government authorities Rs.1,020,598,224 (as at 31 March 2012 Rs.2,738,214,874)		
Unpaid dividend account	452,850	452,850
Margin money deposit (Gold)	600,000	2,836,100
	1,021,651,074	2,783,403,824
Amount disclosed under non current assets (refer note 14)	—	(2,713,830)
Total	1,119,007,591	2,788,533,833
19 SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans to staff	1,011,639	243,801
Loans and advances to related parties	172,223,676	217,655,942
Loans to others	27,264,881	59,098,291
Advances recoverable in cash or in kind or for value to be received	36,957,150	50,814,438
Prepaid expenses	6,281,905	4,989,734
Security deposits	1,501,227	34,320,524
Total	245,240,478	367,122,730
Loans and advances to related parties includes:		
Suashish Realty LLP	—	3,617,617
Suashish Properties Pvt. Ltd.	22,855,501	22,879,873
Suashish Realtors Pvt. Ltd.	17,470,081	17,512,093
Suashish Diamdeal (I) Ltd.	2,132,636	2,019,427
Goenka Laser House Pvt. Ltd.	49,874	33,690
Suashish Diamonds Botswana (Proprietary) Limited	129,715,584	171,493,242
Taruvarsh Tradeplace Pvt. Ltd. (Formerly Taruvarsh Leasing Co. Pvt. Ltd.)	—	100,000
Total	172,223,676	217,655,942
20 OTHER CURRENT ASSETS		
Interest accrued but not due	24,924,171	176,780,321
Interest receivable from related party:		
– Suashish Diamonds Botswana (Proprietary) Limited	5,230,730	7,608,569
Receivable against shares sold	192,058	4,430,910
Receivable against forward contract	221,752,028	170,677,846
Total	252,098,987	359,497,646

Suashish Diamonds Limited

Particulars	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
21 REVENUE FROM OPERATIONS		
Sales of raw materials / finished goods / traded goods:		
– Rough diamonds	4,407,409,583	6,787,129,898
– Polished diamonds	1,415,611,137	1,983,012,721
– Jewellery	3,456,398,193	2,635,890,101
Sale of electricity generated from windmills	9,344,590	9,148,968
Other operating revenue:		
– Sale of commodity / bullion	355,447,903	153,806,289
Total	<u>9,644,211,406</u>	<u>11,568,987,977</u>
22 OTHER INCOME		
Interest income:		
On investments in debentures (long term)	28,219,336	14,726,003
On loans	19,739,202	4,768,842
On fixed deposit with banks	113,208,215	149,242,714
On income tax refund	—	1,946,025
From customer	—	22,691
From others	6,729,397	9,493,217
Dividend income:		
On long term investments (other than trade)	28,205,010	32,318,564
Net gain/(loss) on sale of investment:		
– From long term investments (other than trade)	12,832,564	(5,057,397)
– From sale of investment in associates	15,774,000	—
Net gain/(loss) on derivative instruments:		
– Mark to market margin (commodity futures)	(3,021,062)	(110,334)
Share in profit/(loss) of partnership firms:		
– Goenka Trading Company	9,263,912	1,171,521
– Mohinidevi Goenka Investments	75,138	(3,477,715)
– M. G. Investments	62,099,358	46,503,821
– Suashish Realty LLP	(106,491)	(1,461,072)
Exchange difference (net)	137,556,125	—
Others:		
Rent	4,321,642	4,326,300
Profit on sale of fixed assets (net)	352,000	2,727,862
Refund of property tax (net)	5,116,911	—
Balances written back	67,000	—
Guarantee commission	10,597,020	2,945,717
Miscellaneous income	219,461	750,580
Total	<u>451,248,738</u>	<u>260,837,339</u>
23 COST OF MATERIALS		
Raw materials consumed / sold:		
Opening stock	647,644,216	278,143,614
Add: Addition on amalgamation	—	19,161,668
Add: Purchases [including commission on import and cleaving charges]	5,851,662,341	8,410,145,145
Less: Closing stock	393,963,294	647,644,216
Total (a)	<u>6,105,343,263</u>	<u>8,059,806,211</u>

Suashish Diamonds Limited

Particulars	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
Purchase of traded goods:		
Purchases of - Polished diamonds	1,675,052,919	2,615,762,584
Purchases of - Commodity / Bullion	648,035,005	—
Total (b)	2,323,087,924	2,615,762,584
Net loss/(income) on buyers credit #	3,784,543	(168,535,395)
Total (c)	3,784,543	(168,535,395)
Total (a+b+c)	8,432,215,730	10,507,033,400

The Company has availed buyer's credit in foreign currency from bank secured by lien on fixed deposit, for import of goods. Net income on buyer's credit comprising of interest income on fixed deposit of Rs.33,709,373 (previous year Rs.588,282,781), finance cost on buyer's credit of Rs.9,143,374 (previous year Rs.126,991,541) and exchange rate difference loss of Rs.28,350,542 (previous year exchange difference loss of Rs.292,755,845) is adjusted in " Cost of materials".

24 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	726,835,401	385,838,195
Jewellery	3,487,060	3,609,361
Commodity	—	150,338,186

Less: Closing stock of finished goods / traded goods:

Polished diamond	360,290,132	726,835,401
Jewellery	1,183,261	3,487,060
Commodity	300,992,598	—

Total (a)	67,856,470	(190,536,719)
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b) Changes in work in progress:

Opening stock	55,577,304	—
Add: On account of amalgamation	—	27,674,047
Less: Closing stock	93,003,800	55,577,304

Total (b)	(37,426,496)	(27,903,257)
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Total (a+b)	30,429,974	(218,439,976)
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25 EMPLOYEE BENEFITS EXPENSE

Salaries, bonus, commission and allowances	105,583,719	94,455,479
Contribution to provident and other funds	4,439,168	4,099,880
Gratuity	1,093,802	935,069
Staff welfare expenses	4,264,123	3,203,819
Total	115,380,812	102,694,247

26 FINANCE COSTS

Interest expense	104,936,743	160,375,798
Interest on income tax	2,300,000	—
Exchange difference on foreign currency borrowings	105,744,353	113,939,048
Loan processing and other charges	4,541,782	24,188,219
Total	217,522,878	298,503,065

Suashish Diamonds Limited

Particulars	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
27 OTHER EXPENSES		
Processing charges	228,468,298	213,870,276
Stores, spares and tools consumed	40,182,896	35,602,359
Power and electricity	11,677,550	8,789,869
Communication expenses	2,823,844	3,101,290
Printing and stationery	2,439,917	2,068,079
Travelling and conveyance expenses	22,499,138	26,952,435
Legal and professional fees	19,866,631	17,615,330
Rent	9,801,730	10,190,431
Rent, rates and taxes	219,691	3,584,195
Repairs and maintenance:		
– plant and machinery	1,250,615	889,229
– buildings	882,387	740,687
– other	12,040,148	8,034,605
Exchange difference (net)	—	192,075,299
Insurance charges	1,893,487	2,576,251
Auditor's remuneration:		
– for audit	1,928,931	2,318,063
– for tax audit	123,875	129,467
– for taxation matters	905,936	607,328
– for others	447,015	110,109
Donations	8,262,928	10,984,703
Bank charges and commission	39,007,608	33,539,690
Commission and brokerage on sales	2,123,176	3,977,266
Advertisement expenses	12,170,538	11,813,820
Sales promotion expenses	13,286,884	13,558,492
ECCG premium	3,530,489	3,953,441
Freight, clearing and forwarding charges	11,858,124	9,545,803
Discount allowed	16,564,580	22,380,353
Bad debts	2,546,463	—
Fixed assets written off	16,713,213	—
Balances written off	38,568	9,164,385
Export insurance charges	1,760,627	2,298,700
Miscellaneous expenses	15,609,554	15,128,551
Total	500,924,841	665,600,506
Details of import and indigenous consumable, stores and spare consumed:		
Imported (20.89 %; previous year 18.06%)	8,393,498	6,429,530
Indigenous (79.11%; previous year 81.94%)	31,789,398	29,172,829
Total	40,182,896	35,602,359

28. During the previous 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
	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	—

29. COMMITMENTS / CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
Capital Commitments and 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 5.50 million) and demand loan of USD Nil (previous year USD 4.50 million) availed by Suashish Diamond (Botswana) (Proprietary) Ltd. (a wholly owned Subsidiary Company)	298,595,000	508,900,000
b) Guarantee given by the Company to IDBI Bank Limited, Dubai, UAE for working capital facility of USD Nil (previous Year USD 10 million) availed by Suashish Diamond (Hongkong) Ltd. (a wholly owned Subsidiary Company)	—	508,900,000
c) Guarantee given by the Company to Bank of India for working capital of USD 9.75 million (previous year USD Nil) availed by Suashish Diamond (Hongkong) Ltd. (a wholly owned Subsidiary Company)	529,327,500	—
c) Disputed Sales tax liability	2,516,895	2,516,895
d) Bank guarantees given by bank on behalf of the Company	4,977,324	5,104,572
e) Disputed Service tax liability	37,341,208	37,341,208
f) Disputed income tax liabilities	6,498,758	6,447,592

Suashish Diamonds Limited

	Current Year 2012-2013 (Rs.)	Previous year 2011-2012 (Rs.)
30. C.I.F. VALUE OF IMPORTS		
Rough diamonds	4,199,246,628	7,164,932,761
Polished diamonds	225,052,609	1,638,817,157
Raw materials –others	472,592,583	272,975,496
Stores and spares	8,822,926	8,396,935
Capital goods	6,031,767	22,655,637
31. EXPENDITURE IN FOREIGN CURRENCY		
Commission on imports	1,323,322	17,188,458
Foreign travelling expenses	3,549,601	5,053,664
Interest on foreign currency loans and credit facilities	28,032,730	174,818,559
Consultancy fees	—	60,668
Others	60,140,968	54,547,074
32. EARNINGS IN FOREIGN CURRENCY		
F.O.B. value of exports	5,092,799,692	7,578,908,929
Reimbursement of expenses	14,323,386	21,038,696
Interest income	5,811,922	8,453,965
Guarantee commission on corporate guarantee	10,597,020	2,945,717

33. INVENTORY DETAILS

A. Raw Material

Class of Goods	Opening Stock 01/04/2012 (Rs.)	Purchases/ Transfer (Rs.)	Turnover (Rs.)	Closing Stock 31/03/2013 (Rs.)
Rough Diamonds	497,752,036 (160,099,063)	5,005,590,175* (8,123,870,979)*	5,059,242,668** (7,714,508,390)**	228,434,559 (497,752,036)
Polished Diamonds	69,788,847 (72,446,950)	1,270,906,151@ (1,006,924,492)@	196,353,794 # (183,876,626) #	86,656,932 (69,788,847)
Gold	57,326,305 (34,205,621)	839,419,099 ^ (850,754,936) ^	— (—)	46,398,702 (57,326,305)
Silver	— (—)	133,523,875 ^^ (76,372,121) ^^	— (—)	— (—)
Others	22,777,028 (11,391,980)	235,385,926*** (157,506,082)***	10,471,969## (—)	32,473,101 (22,777,028)
Total	647,644,216 (278,143,614)	7,484,825,226 (10,215,428,610)	5,266,068,431 (7,898,385,016)	393,963,294 (647,644,216)

* Includes inter-division transfer of rough diamonds Rs.651,833,085 (previous year Rs.927,378,492).

** Includes inter-division transfer of rough diamonds Rs.651,833,085 (previous year Rs.927,378,492).

@ Includes diamonds transferred on amalgamation Rs.Nil (previous year Rs.11,886,746) and inter-division transfer of Rs.970,857,839 (previous year Rs.857,923,383).

Includes inter-division transfer of diamonds of Rs.196,353,794 (previous year Rs.183,876,625).

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

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

*** Includes other raw materials transferred on amalgamation of Rs. Nil (previous year Rs.3,564,030) and inter-division transfer of Rs.10,471,969 (previous year Rs. 819,913)

Includes inter-division transfer of other raw materials of Rs.10,471,969 (previous year Rs. Nil).

B. Finished goods/ Traded goods

Class of Goods	Opening Stock 01/04/2012 (Rs.)	Purchases/ Transfer (Rs.)	Turnover (Rs.)	Closing Stock 31/03/2013 (Rs.)
Polished Diamonds	726,835,401 (385,838,195)	2,472,718,174* (3,308,881,236)*	2,986,589,563 # (3,351,338,269) #	360,290,132 (726,835,401)
Jewellery	3,487,060 (3,609,361)	121,548^ (—)	3,456,408,978@ (2,635,890,101)	1,183,261 (3,487,060)
Electricity	— (—)	— (—)	9,344,590 (9,148,968)	— (—)
Traded goods				
Castor seeds	— (150,338,186)	30,104,529 (—)	— (153,806,289)	30,104,529 (—)
Paddy	— (—)	89,711,976 (—)	— (—)	89,711,976 (—)
Chilly	— (—)	29,078,448 (—)	32,350,377 (—)	— (—)
Cotton	— (—)	112,945,470 (—)	122,512,926 (—)	— (—)
Steel	— (—)	30,123,752 (—)	— (—)	30,123,752 (—)
Raw Wool	— (—)	30,178,495 (—)	— (—)	30,178,495 (—)
Palm Oil	— (—)	30,202,513 (—)	— (—)	30,202,513 (—)
Sugar	— (—)	60,063,591 (—)	— (—)	60,063,591 (—)
BLK Pepper	— (—)	15,441,181 (—)	— (—)	15,441,181 (—)
HR Coil	— (—)	15,166,561 (—)	— (—)	15,166,561 (—)
Gold	— (—)	205,018,489 (—)	200,584,600 (—)	— (—)
Total Commodities	— (150,338,186)	648,035,005 (—)	355,447,903 (153,806,289)	300,992,598 (—)
Total	730,322,461 (539,785,742)	3,120,874,727 (3,308,881,236)	6,807,791,034 (6,150,183,627)	662,465,991 (730,322,461)

* Includes inter-division transfer of polished diamonds of Rs.796,474,381 (previous year Rs.693,118,652) and net of insurance claim received of Rs.1,190,874.

Includes inter-division transfer of polished diamonds of Rs.1,570,978,426 (previous year Rs.1,368,325,548).

^ Includes inter-division transfer of diamonds of Rs.10,785 (previous year Rs. Nil).

@ Includes inter-division transfer of diamonds of Rs.10,785 (previous year Rs. Nil).

34. CONSUMPTION OF RAW MATERIALS

Particulars	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
Rough diamonds	215,664,984	71,709,616
Polished diamonds	1,057,684,272	825,705,969
Gold (100% indigenous)	850,346,702	827,634,252
Silver	133,523,875	76,372,121
Others	215,217,884	146,121,034
Total	2,472,437,717	1,947,542,992

Suashish Diamonds Limited

Notes:

- a) 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.
- b) 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.

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 31/03/2013		As at 31/03/2012	
		Amount in foreign currency	Amount (Rs.)	Amount in foreign currency	Amount (Rs.)
Trade Receivables	USD	44,510,059	2,415,115,781	41,565,688	2,114,030,890
Advance from customer	USD	882,482	48,792,035	10,000,000	508,900,000
Trade payables	USD	4,077,595	221,372,644	2,634,832	134,091,127
	EURO	—	—	771	52,400
Advance to supplier	USD	19,996	1,084,964	—	—
	EURO	8,671	601,527	—	—
	CHF	—	—	2,296	131,348
Share application money paid	USD	2,390,630	129,715,584	3,370,630	171,430,241
Receivables	USD	96,401	5,230,730	149,598	7,608,569
Cash on hand	USD	14,228	772,770	6,190	316,742
	HKD	1,364	9,545	24,546	160,990
	GBP	968	79,912	5,974	485,808
	Baht	173,470	319,185	173,470	290,996
	Other Currencies		564,996		492,087

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

Particulars	Currency	As at 31/03/2013		As at 31/03/2012	
		Amount in foreign currency	Amount (Rs.)	Amount in foreign currency	Amount (Rs.)
Currency swaps against principal / interest payable on foreign currency loans	INR/USD	11,019,116	600,784,105	41,226,069	2,097,994,651
Option	INR/USD	—	—	30,000,000	1,526,700,000

- c) Forward contract outstanding as at year end in respect of exports USD 127,225,572 (as at 31/03/2012 USD 137,724,084), imports USD Nil (as at 31/03/2012 USD 11,380,000) and investments USD 7,434,135 and CAD 145,000 (as at 31/03/2012 USD 7,259,075 and CAD Nil).

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 2012-2013	Previous year 2011-2012
Discount rate	8.20% p.a.	8.50% 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	Current Year 2012-2013 (Rs.)	Previous year 2011-2012 (Rs.)
Present value of defined benefits obligations as at beginning of the year	4,268,741	2,844,088
Opening balance on amalgamation	—	489,584
Interest cost	347,992	275,028
Current service cost	880,713	930,983
Benefit paid	(349,438)	—
Actuarial (gain) / loss on defined benefits obligation	(134,903)	(270,942)
Projected benefit obligation as at year end	5,013,105	4,268,741

iii) Amount to be recognised in the balance sheet

Particulars	Current Year 2012-2013 (Rs.)	Previous year 2011-2012 (Rs.)
Present value of defined benefits obligation as on balance sheet date	5,013,105	4,268,741
Fair value of plan assets	—	—
Liability recognized in balance sheet date	5,013,105	4,268,741

iv) Amounts to be recognised in the statement of profit and loss:

Particulars	Current Year 2012-2013 (Rs.)	Previous year 2011-2012 (Rs.)
Service cost	880,713	930,983
Interest cost of obligation	347,992	275,028
Expected return on plan assets	—	—
Net actuarial (gain) / loss	(134,903)	(270,942)
Past Service cost	—	—
Total expense recognised in the statement of profit and loss.	1,093,802	935,069

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:

(Amount in Rs.)

Sr. No.	Particulars	Geographical segments		Total
		Outside India	Within India	
1.	Segment Revenue			
	Sales and income from operations	5,095,800,541 (7,586,875,457)	4,548,410,865 (3,982,112,520)	9,644,211,406 (11,568,987,977)
2.	Carrying amount of assets by geographical location of assets			
	Segment assets	1,705,620,691 (1,528,643,140)	9,057,565,218 (10,056,084,045)	10,763,185,909 (11,584,727,185)
3.	Additions to fixed assets	(—) (—)	28,137,160 (159,783,001)	28,137,160 (159,783,001)

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.
Suashish Diamond (Shanghai) Ltd.
Suashish Jewels Inc.
Suashish Jewels Canada Inc.
Suashish Diamonds (Botswana) (Proprietary) Ltd.
Suashish Realty Pvt. Ltd. (upto 10 April 2011)
Suashish Realty LLP (w.e.f. 1 April 2011)
Goenka Trading Company
Mohinidevi Goenka Investments
M.G. Investments
 - b) Associates : Suashish Finance Ltd.
Taruvarsh Tradeplace Pvt. Ltd. (Formerly Taruvarsh Leasing Co. Pvt. Ltd.)
(Upto 18 June 2012)
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. Pawankumar S. Bagla
 - d) Relatives of key management
personnel : Mrs. Lavina A. Goenka
Mrs. Amita Kedia
Mr. Siddharth Kedia
Mrs. Sunita P. Bagla
 - 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	— (—)	— (—)	— (—)	— (—)	363,632 (—)	363,632 (—)
Reimbursements received against expenses incurred	14,178,572 (23,632,624)	— (602)	— (—)	— (—)	— (68,849)	14,178,572 (23,702,075)
Guarantee commission income on corporate guarantee	10,597,020 (2,945,717)	— (—)	— (—)	— (—)	— (—)	10,597,020 (2,945,717)
Guarantees given to banks for working capital facilities availed by subsidiaries	827,922,500 (1,017,800,000)	— (—)	— (—)	— (—)	— (—)	827,922,500 (1,017,800,000)
Rent expense incurred	— (—)	— (—)	24,000 (24,000)	— (—)	148,260 (148,260)	172,260 (172,260)
Consultancy charges paid	— (—)	— (—)	— (—)	1,695,096 (1,695,096)	— (—)	1,695,096 (1,695,096)
Sale of polished diamonds	351,630,113 (792,108,860)	— (—)	— (—)	— (14,261,894)	— (283,500)	351,630,113 (806,654,254)
Sale of rough diamond	251,668,658 (98,119,889)	— (—)	— (—)	— (—)	— (—)	251,668,658 (98,119,889)
Sale of jewellery	2,543,580,142 (1,579,259,377)	— (—)	— (—)	— (—)	— (—)	2,543,580,142 (1,579,259,377)
Sale of consumables	— (1,469,288)	— (—)	— (—)	— (—)	— (—)	— (1,469,288)
Purchase of polished diamonds	7,935,173 (1,243,710,524)	— (—)	— (—)	— (—)	— (—)	7,935,173 (1,243,710,524)
Purchase of rough diamond	1,690,672,613 (448,214,539)	— (—)	— (—)	— (—)	— (—)	1,690,672,613 (448,214,539)
Purchase of Jewellery	456,931,484 (222,432,151)	— (—)	— (—)	— (—)	— (—)	456,931,484 (222,432,151)
Purchase of Consumables	1,016,819 (104,091)	— (—)	— (—)	— (—)	— (—)	1,016,819 (104,091)
Managerial remuneration	— (—)	— (—)	16,774,883 (10,144,408)	— (—)	— (—)	16,774,883 (10,144,408)
Loan given	— (—)	2,337,820 (50,000)	— (—)	— (—)	736,353 (659,951)	3,074,173 (709,951)
Loan given received back	— (—)	5,955,437 (5,334,383)	— (—)	— (—)	161,452 (122,994,003)	6,116,889 (128,328,386)
Loan taken	— (—)	— (—)	— (244,500,000)	— (—)	— (—)	— (244,500,000)
Loan repayment	— (—)	— (—)	— (244,500,000)	— (—)	— (—)	— (244,500,000)
Share application money refund received	153,048,547 (363,698,974)	150,000 (—)	— (—)	— (—)	— (—)	153,198,547 (363,698,974)
Share application money paid	129,863,250 (346,831,925)	— (—)	— (—)	— (—)	— (—)	129,863,250 (346,831,925)
Share application money paid written off	— (—)	67,000 (—)	— (—)	— (—)	— (—)	67,000 (—)
Investment made	72,387,250 (—)	— (—)	— (—)	— (—)	— (—)	72,387,250 (—)
Sale of Investments	— (—)	— (—)	— (—)	— (—)	16,434,000 (—)	16,434,000 (—)
Interest received on share application money	5,811,922 (8,453,965)	— (—)	— (—)	— (—)	— (—)	5,811,922 (8,453,965)
Capital introduced in partnership firm	2,372,534,662 (4,500,514,020)	— (66,463)	— (—)	— (—)	— (—)	2,372,534,662 (4,500,580,483)
Capital withdrawn from partnership firm	1,461,805,259 (2,990,214,917)	— (66,463)	— (—)	— (—)	— (—)	1,461,805,259 (2,990,281,380)
Purchase of fixed assets	6,031,767 (—)	— (—)	— (—)	— (—)	— (—)	6,031,767 (—)
Sale of fixed assets	— (6,350,538)	— (—)	— (—)	— (—)	— (—)	— (6,350,538)
Property tax refund payable to co-owner	569,350 (—)	— (—)	— (—)	— (—)	— (—)	569,350 (—)
Balances receivable as at year end	4,691,408,190 (3,557,547,064)	— (163,000)	— (—)	— (—)	71,399,092 (71,336,083)	4,762,807,282 (3,629,046,147)
Balances payable as at year end	166,596,110 (38,139,347)	— (1,111,072)	10,000,000 (—)	— (—)	— (—)	176,596,110 (39,250,419)

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 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
Reimbursements made towards expenses		
Suashish Realtors Pvt. Ltd.	93,648	—
Suashish Properties Pvt. Ltd.	77,764	—
Goenka Laser House Pvt. Ltd.	96,073	—
Suashish Diamdeal (India) Ltd.	96,147	—
Suashish Realty Pvt. Ltd.	—	—
Reimbursements received against expenses incurred		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	14,178,572	23,632,624
Rent expense incurred		
Suashish Realtors Pvt. Ltd.	38,364	38,364
Suashish Properties Pvt. Ltd.	31,608	31,608
Goenka Laser House Pvt. Ltd.	39,144	39,144
Suashish Diamdeal (India) Ltd.	39,144	39,144
Ashish R. Goenka	24,000	24,000
Consultancy charges		
Amita Kedia	350,400	350,400
Siddharth Kedia	744,696	744,696
Sunita Bagla	600,000	600,000
Sale of polished diamonds		
Suashish Diamonds (Hong Kong) Ltd.	342,773,132	785,358,696
Sale of rough diamonds		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	50,267,448	98,119,889
Suashish Diamonds (Hong Kong) Ltd.	201,401,210	—
Sale of jewellery		
Suashish Jewels Inc.	2,517,501,580	1,562,452,193
Sale of consumables		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	—	1,469,288
Purchase of polished diamonds		
Suashish Diamonds (Hong Kong) Ltd.	4,792,557	—
Suashish Jewels Inc.	3,142,616	—
Suashish Diamonds (Botswana) (Proprietary) Ltd.	—	1,193,382,100
Purchase of rough diamonds		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	1,690,672,613	448,214,539
Purchase of jewellery		
Suashish Jewels Inc.	432,314,879	203,969,215
Purchase of consumables		
Suashish Jewels Inc.	—	104,091
Suashish Diamonds (Botswana) (Proprietary) Ltd.	1,016,819	—
Managerial remuneration		
Mr. Ashish R. Goenka	14,800,000	8,600,000
Mr. Pawankumar S. Bagla	—	1,153,100
Guarantee commison on corporate guarantee given		
Suashish Diamonds (Botswana) (Proprietary) Limited	1,492,631	2,005,121
Suashish Diamonds (Hongkong) Limited	9,104,389	940,596
Guarantee given to banks for working capital facilities availed		
Suashish Diamonds (Botswana) (Proprietary) Limited	298,595,000	508,900,000
Suashish Diamonds (Hongkong) Limited	529,327,500	508,900,000
Loan given		
Goenka Laser House Pvt. Ltd.	—	237,626
Suashish Properties Pvt. Ltd.	—	133,570

Particulars	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
Suashish Realtors Pvt. Ltd.	—	121,814
Suashish Diamdeal (India) Ltd.	397,238	166,941
Goenka Trading Company	2,332,820	—
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 Realty LLP	3,622,617	—
Goenka Trading Company	2,332,820	—
Loan taken from Director		
Ashish R. Goenka	—	244,500,000
Loan repaid to Director		
Ashish R. Goenka	—	244,500,000
Advance from customers		
Suashish Diamonds (Hongkong) Ltd.	—	508,900,000
Share application money refund received		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	153,048,547	354,686,974
Share application money paid		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	129,863,250	336,606,600
Interest received on share application money		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	5,811,922	8,453,965
Investments made in subsidiaries		
Suashish Diamonds (Hongkong) Limited	72,387,250	—
Sale of investments		
Mohinidevi Goenka Trust	16,434,000	—
Capital introduced in partnership firm		
Goenka Trading Company	2,201,412,945	2,485,592,406
M.G. Investments	—	2,000,050,405
Capital withdrawn from partnership firm		
Goenka Trading Company	1,229,572,277	2,366,890,015
M.G. Investments	228,243,032	597,516,314
Purchase of fixed assets		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	6,031,767	—
Sale of fixed assets		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	—	6,350,538
Property tax refund receivable payable to co-owner		
Goenka Trading Co.	569,530	—
Balances written back		
Suashish Finance Ltd	67,000	—
Balances receivable as at year / year end		
Suashish Jewels Inc.	759,092,035	688,731,137
Suashish Diamonds (Hong Kong) Ltd.	—	116,955,306
Goenka Trading Company	1,905,076,110	—
M.G. Investments	1,756,061,762	—
Balances payable as at year / year end		
Suashish Diamonds (Botswana) (Proprietary) Ltd.	141,976,617	—
Suashish Diamonds (Hong Kong) Ltd.	—	508,900,000
Suashish Jewels Inc.	22,577,965	—

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.

Suashish Diamonds Limited

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.

40. EARNINGS PER SHARE

Particulars	Current Year 2012-2013	Previous Year 2011-2012
(i) Net profit/(loss) after tax available for equity share holders (Rs.)	620,873,043	375,077,702
(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.)	29.90	18.06
(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 and domestic 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. The Board of Directors of the Company vide its resolution dated 11 May 2013 have resolved to voluntarily delist the securities of the Company from Bombay Stock exchange Limited in terms of SEBI (Delisting of Equity Shares) Regulations, 2009 and offers to acquire the shares of the Company from the public at an indicative price up to Rs. 230/- per share.
43. 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.
44. Previous year figures have been reclassified in accordance with current year requirements.

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: 30th May,2013

On behalf of the Board of directors

Ashish R. Goenka

Chairman & Managing Director

Rajesh R. Kedia

Wholetime Director

Bijal Gada

Company Secretary

Mumbai; Dated: 30th May,2013

Independent Auditors' Report

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SUASHISH DIAMONDS LIMITED

To,
The Board of Directors
SUASHISH DIAMONDS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Suashish Diamonds Limited ("the Company"), its subsidiaries and its associates (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2013, and the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

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

The impact on Profit for the year, reserves and surplus and inventories as at 31 March 2013, if any, due to the above deviations is not ascertainable.

Qualified Opinion

In our opinion *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of certain entities / subsidiaries whose financial statements reflect total assets of Rs.5,800,280,690 as at 31 March 2013, total revenues of Rs.6,789,372,403 and net cash outflows amounting to Rs.9,245,430 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the reports of such other auditors.
- (b) The adjustments for unrealised profit pertaining to unsold inventories, out of sales made within the Group, as at 1 April 2012 and as at 31 March 2013 of Rs.41,533,667 and Rs.95,553,067 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;

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

(Nirmal Jain)
Partner
Membership No. 34709

Mumbai; Dated: 30 May 2013

Consolidated Balance Sheet

As at 31 March, 2013

Particulars	Note No.	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	208,120,500	208,120,500
Reserves and surplus	4	7,703,578,795	7,100,378,771
		<u>7,911,699,295</u>	<u>7,308,499,271</u>
Minority interest		580,027,545	572,178,344
Non-current liabilities			
Deferred tax liabilities (Net)	5	21,170,734	23,186,123
Other long term liabilities	6	4,230,780	—
Long-term provisions	7	5,343,828	4,002,822
		<u>30,745,342</u>	<u>27,188,945</u>
Current liabilities			
Short-term borrowings	8	2,316,826,218	4,509,130,623
Trade payables	9	487,359,037	468,782,703
Other current liabilities	10	139,365,856	97,342,022
Short-term provisions	11	5,894,643	1,223,641
		<u>2,949,445,754</u>	<u>5,076,478,989</u>
TOTAL		<u><u>11,471,917,936</u></u>	<u><u>12,984,345,549</u></u>
ASSETS			
Non-current assets			
Fixed assets	12		
(i) Tangible assets		576,093,941	674,790,917
(ii) Intangible assets		9,345,166	4,518,457
(iii) Capital work-in-progress		22,963,468	17,334,202
Non-current investments	13	3,148,117,337	3,299,843,663
Long-term loans and advances	14	301,601,716	80,294,981
Other non-current assets	15	—	2,713,830
		<u>4,058,121,628</u>	<u>4,079,496,050</u>
Current assets			
Current investments	16	—	1,526,035
Inventories	17	1,836,837,557	2,678,249,697
Trade receivables	18	2,321,348,479	1,751,220,559
Cash and bank balances	19	1,229,310,948	3,070,469,107
Short-term loans and advances	20	1,779,431,067	1,051,495,024
Other current assets	21	246,868,257	351,889,077
		<u>7,413,796,308</u>	<u>8,904,849,499</u>
TOTAL		<u><u>11,471,917,936</u></u>	<u><u>12,984,345,549</u></u>
Significant accounting policies	2		
The accompanying 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: 30 May 2013

On behalf of the Board of directors

Ashish R. Goenka**Rajesh R. Kedia****Bijal Gada**

Mumbai; Dated: 30 May 2013

Chairman & Managing Director

Wholetime Director

Company Secretary

Consolidated Statement of Profit and Loss

For the year ended 31 March, 2013

Particulars	Note No.	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
Revenue from operations	22	10,623,578,703	12,470,642,042
Other income	23	485,757,504	263,616,648
Total Revenue		11,109,336,207	12,734,258,690
Expenses:			
Cost of materials	24	8,608,216,986	11,716,823,313
Changes in inventories of finished goods / traded goods and work-in-progress	25	446,250,295	(982,410,789)
Employee benefits expense	26	186,047,042	182,314,376
Finance costs	27	247,698,520	313,864,225
Depreciation and amortisation expense		51,361,502	51,992,932
Other expenses	28	710,633,260	925,600,963
Total expenses		10,250,207,605	12,208,185,020
Profit before tax		859,128,602	526,073,670
Tax expense:			
Current tax		(146,484,782)	(75,152,529)
Less: MAT credit entitlement		—	11,134,679
Deferred tax		2,105,120	861,290
Prior year tax adjustments (net)		(1,289,560)	1,130,702
Profit after tax before share of profit/(loss) of associates and minority interest		713,459,380	464,047,812
Share of loss of associates for the year		—	(32,840)
Minority interest loss / (profit) for the year		(27,644,094)	(48,534,366)
Adjustments due to change in holding		(19,197,274)	—
Profit for the year		666,618,012	415,480,606
Earnings per equity share:			
(1) Basic		32.11	20.01
(2) Diluted		32.11	20.01
Nominal value of equity shares		10.00	10.00

Significant accounting policies

2

The accompanying 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: 30 May 2013

On behalf of the Board of directors

Ashish R. Goenka**Rajesh R. Kedia****Bijal Gada**

Mumbai; Dated: 30 May 2013

Chairman & Managing Director

Wholetime Director

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

Particulars	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax but after share of profit/(loss) of associates and minority interest	812,287,234	477,506,464
Adjustments for:		
Depreciation/amortisation	51,361,502	51,992,932
Loss / (Profit) on sale of fixed assets (net)	1,103,492	(6,730,389)
Fixed assets written off	16,713,213	—
Dividend income	(76,835,193)	(99,524,083)
Interest income	(166,539,192)	(170,061,175)
Interest on income tax refund	(80,837)	(1,946,025)
Interest expense	124,104,166	169,338,944
Interest on income tax	2,300,000	—
Change in translation reserve	(78,799,347)	22,029,893
Operating profit before working capital changes	685,615,038	442,606,561
Adjustments for change in working capital:		
Trade and other receivables	(422,619,913)	(1,143,076,291)
Inventories	841,412,140	(1,370,485,507)
Trade and other payables	75,767,719	506,131,466
Cash generated from / (used in) operations	1,180,174,984	(1,564,823,771)
Taxes paid	(133,877,856)	(122,096,942)
Net cash generated from / (used in) operating activities	1,046,297,128	(1,686,920,713)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments made for purchase of fixed assets / capital expenditure	(239,933,899)	(87,167,652)
Proceeds from sale of fixed assets	10,908,692	19,888,753
Changes in investments (net)	215,284,783	16,218,527
Loans (granted) / received back (net)	(958,080,972)	177,314,060
Dividend received	76,835,193	99,524,083
Interest received	166,539,192	170,061,175
Changes in capital reserves arising on consolidation	4,098,913	—
Net cash generated from / (used in) investing activities	(724,348,098)	395,838,946
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (decrease) in borrowings (net)	(2,192,304,405)	(4,862,263,449)
(Increase)/Decrease in investments in fixed deposits with banks (Having original maturities beyond three months)	1,760,563,317	6,526,698,599
Interest received / (paid) (net)	26,448,295	(113,041,287)
Dividend paid	—	(26,967)
Changes in securities premium account	35,091	—
Net cash (used in) / generated from financing activities	(405,257,702)	1,551,366,896
Net (decrease) / increase in cash and cash equivalents	(83,308,672)	260,285,129
Cash and cash equivalent at beginning of year	289,779,113	29,493,984
Cash and cash equivalent at end of year	206,470,441	289,779,113
Net increase/(decrease) as disclosed above	(83,308,672)	260,285,129
Cash and cash equivalents as at year end comprise of:		
Balance with banks	202,512,942	286,758,178
Cash on hand	3,957,499	3,020,935
	206,470,441	289,779,113

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.

Significant accounting policies 2
The accompanying 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: 30 May 2013

On behalf of the Board of directors
Ashish R. Goenka
Rajesh R. Kedia
Bijal Gada
Mumbai; Dated: 30 May 2013

Chairman & Managing Director
Wholetime Director
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

1. DESCRIPTION OF THE GROUP

Suashish Diamonds Limited (“the Company”), its subsidiaries and its associates (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 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’), its subsidiaries and its associates (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 as per Accounting Standard (AS) – 23 “Accounting for Investments in Associates in Consolidated Financial Statements”. 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 (%)	Effective date of becoming subsidiary
Suashish Diamonds (Hong-Kong) Limited	Hong Kong	100.00 (100.00)	23/06/1994
Suashish Diamonds Shanghai Limited	China	100.00 (100.00)	05/03/2004
Suashish Jewels Inc.^	USA	100.00 (47.62)	12/04/2005
Suashish Jewels Canada Inc.	Canada	100.00 (100.00)	10/02/2011
Suashish Diamonds (Botswana) (Proprietary) Limited	Botswana	100.00 (100.00)	29/08/2005
M/s. Goenka Trading Company	India	90.00* (90.00)*	01/09/2007
M/s. Mohinidevi Goenka Investments	India	99.00* (99.00)*	01/12/2007
M/s. M. G. Investment	India	70.00* (70.00)*	17/01/2011

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

^ Upto 27/03/2013 subsidiary by virtue of control of the composition of the board of director and ownership of 100% voting power of the Company.

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

- 3) The Associates considered in the consolidated financial statements are:

Name of the Associates	Country of incorporation	Extent of interest (%)	Effective date of becoming associate
Suashish Finance Limited	India	49.68 (49.68)	27/04/1994
Taruvarsh Tradeplace Pvt. Ltd. (Formerly Taruvarsh Leasing Co. Pvt. Ltd.) @	India	— (48.74)	06/01/2004
Suashish Realty LLP.	India	35.00 (35.00)	09/03/2007

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

@ During the year on 18/06/2012 the Company sold its investment in Taruvarsh Tradeplace Pvt. Ltd.

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 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) 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.

g) Inventories

- i. Raw materials - Rough diamonds are valued at the lower of cost and net realizable value. The cost is determined on weighted average basis by adding purchase price, commission on purchase and cleaving charges and by reducing the sale value of rough rejections 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. Finished goods - Commodity is valued at the lower of cost (including brokerage and quantity discounts) or net realizable value. The cost of material is determined on FIFO basis.
- vi. Work-in-progress of Jewellery is valued at material cost including appropriate production overheads.
- vii. Traded goods and stores and spares are valued at the lower of cost or net realizable value. Cost is determined on FIFO basis.
- viii. Gold and silver recovered from dust are valued at market rate.

h) 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.

i) 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.

j) 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.

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.

Suashish Diamonds Limited

B NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Particulars	As at	As at
	31/03/2013 (Rs.)	31/03/2012 (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	200,000,000	200,000,000
Total	450,000,000	450,000,000
Issued, subscribed and paid up:		
20,763,300 (as at 31 March 2012: 20,763,300) Equity shares of Rs.10 each fully paid up	207,633,000	207,633,000
Add: Forfeited shares (amount originally paid-up)	487,500	487,500
Total	208,120,500	208,120,500

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

Particulars	As at		As at	
	Number	31/03/2013 (Rs.)	Number	31/03/2012 (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	20,763,300	207,633,000	20,763,300	207,633,000

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, if any 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	As at		As at	
	No. of Shares held	31/03/2013 % of Holding	No. of Shares held	31/03/2012 % 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
Master Ishan Ashish Goenka	1,558,088	7.50	1,558,088	7.50

Suashish Diamonds Limited

	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
4 RESERVES AND SURPLUS		
Securities premium account	1,065,113,192	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	12,702,145	8,603,232
Translation reserves	(4,213,331)	63,338,661
Surplus in statement of profit and loss:		
Opening balance	3,798,140,709	3,382,660,103
Profit for the current year	666,618,012	415,480,606
Closing balance	4,464,758,721	3,798,140,709
Total	7,703,578,795	7,100,378,771
5 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Depreciation	21,967,863	25,434,640
Total (a)	21,967,863	25,434,640
Less: Deferred tax assets:		
Provision for gratuity	353,816	50,433
Expenses allowable on payment basis	310,733	218,582
Preliminary expenses	132,580	—
Short term capital loss	—	1,979,502
Total (b)	797,129	2,248,517
Total (a-b)	21,170,734	23,186,123
<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 realisability 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		
Security deposits	4,230,780	—
Total	4,230,780	—
7 LONG TERM PROVISIONS		
Provision for employee benefits:		
Leave encashment (unfunded)	647,148	—
Gratuity (unfunded)	4,696,680	4,002,822
Total	5,343,828	4,002,822
8 SHORT TERM BORROWINGS		
Secured		
Working capital loans - from banks		
In foreign currency	749,874,376	2,789,466,426
In rupees	1,498,625,000	1,189,894,289
Bank overdraft	68,326,842	529,769,908
Total	2,316,826,218	4,509,130,623
Working capital loans - from banks - in foreign currency		

The foreign currency loans included in working capital facilities are secured against the fixed deposit of Rs.408,300,000 (as at 31 March 2012 Rs.832,600,000).

Suashish Diamonds Limited

Loans carries interest 0.76 % to 1.76% p.a. (previous year @2% to 4% p.a.)

The short term loan facility of USD Nil (previous year: USD 4.50 million) availed by Suashish Diamonds (Botswana) (Proprietary) Limited, bears interest at the 6 months LIBOR for USD + 2.5%. It was 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 2.64 million (previous year: USD 10 million) availed by Suashish Diamond (Hongkong) Ltd. is secured by corporate guarantee of holding company Suashish Diamonds Limited, bears interest @ LIBOR + 225bps (previous year @ 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 10.00% to 11.50% p.a. (previous year @11.75% to 12.28% p.a.)

Bank overdraft

Secured by lien on fixed deposits of Rs.300,000,000 (as at 31 March 2012 Rs.906,475,000).

The bank overdraft facility of USD Nil (previous year USD 5.50 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.

Particulars	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
9 TRADE PAYABLES		
Trade payables	487,359,037	468,782,703
Total	487,359,037	468,782,703
10 OTHER CURRENT LIABILITIES		
Advances from customers	47,909,203	52,107,189
Interest accrued but not due on loans	450,177	1,859,845
Book overdraft	54,714,035	19,490,955
Unclaimed dividends*	452,850	452,850
Payable to employees	17,400,080	1,323,375
Sundry creditor for fixed assets	229,882	1,311,473
Security deposits	6,054,570	8,358,775
Statutory dues payable	12,155,059	12,437,560
Total	139,365,856	97,342,022
* Amount include Rs.145,818 (as at 31/03/2012 Rs.Nil) which is required to be credited to the Investor Education and Protection Fund.		
11 SHORT TERM PROVISIONS		
Provision for employee benefits:		
Leave encashment (unfunded)	62,521	957,722
Gratuity (unfunded)	316,425	265,919
Other provisions:		
Provision for taxation (net)	5,415,697	—
Provision for wealth tax	100,000	—
Total	5,894,643	1,223,641

(Amount in Rupees)

12 FIXED ASSETS

Particulars	TANGIBLE ASSETS								INTANGIBLE	
	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)										
As at 31 March 2011	845,000	510,103,935	75,922,000	4,093,341	402,361,588	46,670,065	77,419,170	37,546,577	1,154,961,676	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	55,148,660	91,776,163	33,478,632	1,210,557,013	6,435,428
Adjustment on translation	—	2,485,400	—	56,694	5,533,995	(1,043,209)	3,219,371	147,593	10,419,844	—
Additions	—	—	—	—	10,910,078	7,752,511	3,742,338	3,670,958	26,075,885	6,686,962
Disposals	—	—	—	—	13,545,403	176,802	3,737,419	10,783,536	28,243,160	—
Written off	—	52,067,375	—	—	—	—	—	—	52,067,375	—
Adjustments	—	65,153,548	—	—	—	—	—	—	65,153,548	—
(Refer note 4 below)										
As at 31 March 2013	845,000	391,592,152	75,922,000	4,254,794	445,779,453	61,681,160	95,000,453	26,513,647	1,101,588,659	13,122,390
Depreciation										
As at 31 March 2011	147,875	133,325,164	2,397,510	1,519,881	243,037,369	34,172,215	56,345,169	20,953,846	491,919,029	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	37,929,711	65,105,329	19,065,919	535,766,096	1,916,971
Adjustment on translation	—	388,280	—	56,694	(48,872)	(1,058,665)	(259,191)	94,243	(827,511)	—
For the year	42,250	9,208,145	799,179	231,542	22,444,392	4,215,182	8,483,860	4,076,699	49,501,249	1,860,253
On disposals	—	—	—	—	6,991,684	8,329	450,344	8,780,619	16,230,976	—
Written off	—	35,354,162	—	—	—	—	—	—	35,354,162	—
Adjustment	—	7,359,978	—	—	—	—	—	—	7,359,978	—
As at 31 March 2013	232,375	110,830,086	3,995,868	2,198,816	279,823,778	41,077,899	72,879,654	14,456,242	525,494,718	3,777,224
Net Block										
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
As at 31 March 2013	612,625	280,762,066	71,926,132	2,055,978	165,955,675	20,603,261	22,120,799	12,057,405	576,093,941	9,345,166

Notes:

- Gross block of vehicles includes Rs.4,751,659 (as at 31/03/2012 Rs.1,807,422) registered in the name of the employees.
- Gross block of plant and equipment includes Rs.4,605,000 (as at 31/03/2012 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. Nil (as at 31/03/2012 Rs.1,340,000) being cost of shares towards occupancy rights.
- Other adjustments in buildings are towards reclassification of office premises in Bharat Diamond Bourse as investment properties on 1 January 2013.

B) LEASE DISCLOSURE:

- Buildings includes part of premises which have been given on lease to six parties, for which gross block, depreciation charge and net block cannot be separately determined. The company has earned a rent of Rs.2,073,975 (previous year Rs.6,144,546) on the above leased premises during the year.
- The future minimum lease receipts under operating leases in the aggregate is as follows:

Particulars	As at	As at
	31/03/2012	31/03/2012
	(Rs.)	(Rs.)
Not later than one year	2,178,187	—
Later than one year and not later than five year	3,013,371	—
Later than five years	—	—

Suashish Diamonds Limited

Particulars	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
13 NON CURRENT INVESTMENTS		
(At cost)		
Trade, Unquoted and Long-term:		
In Associates:		
Nil (13,200) Equity shares of Rs.10 each fully paid up of Taruvarsh Tradeplace Pvt. Ltd. (Formerly known as Taruvarsh Leasing Co. Pvt. Ltd.)	—	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
Add: Share of profit/(loss) for the year	—	(32,840)
	—	2,411,022
 3,850,000 (3,850,000) Equity shares of Rs. 10 each fully paid up of Suashish Finance Limited (fully provided / written off)	 —	 —
In capital of partnership firm:		
Suashish Realty LLP	2,460,554	—
Other investments (Unquoted unless otherwise stated):		
In Equity shares - Quoted	2,837,553,692	2,918,929,947
In Equity shares	10,189,110	14,227,038
In Venture capital fund	16,750,000	23,000,000
In Preference shares	2,486,939	2,486,939
In Debentures	112,555,300	142,067,972
In Mutual Funds	5,183,916	25,969,028
In Bond of National Bank for Agriculture And Rural Development (NABARD) of maturity value of Rs.20,000 each	100,564,680	168,208,436
995.0 Standard Gold Bar 2,050 gms (2,030 gms)	2,579,576	2,543,281
In Immoveable Properties - Buildings (Reclassified from fixed assets at book value) (i.e. original cost minus accumulated depreciation of Rs.7,359,978)	57,793,570	—
Total	3,148,117,337	3,299,843,663
14 LONG TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
Loans to staff	311,356	771,558
Capital advances	200,460,195	—
Prepaid expenses	830,769	716,568
Security deposits	31,802,762	—
Taxes paid (net of provision)	56,512,512	58,495,359
MAT credit entitlement	11,684,122	20,311,496
	301,601,716	80,294,981
15 OTHER NON-CURRENT ASSETS		
Bank deposits (refer note 19)	—	2,713,830
	—	2,713,830
16 CURRENT INVESTMENTS		
In Jewellery (at cost)	—	1,526,035
	—	1,526,035

Particulars	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
17 INVENTORIES		
(As taken, valued and certified by the management)		
Raw materials:		
– Rough diamonds	224,591,660	666,439,787
– Polished diamonds	86,656,932	789,525
– Gold	46,398,702	57,326,305
– Others	60,938,321	91,776,350
Work in progress of jewellery	93,003,800	55,577,304
Finished goods / traded goods:		
– Polished diamonds	519,224,652	1,023,998,624
– Jewellery	396,182,676	495,587,108
– Commodity	400,992,598	280,490,985
Consumables, stores and spares	8,848,216	6,263,709
Total	<u>1,836,837,557</u>	<u>2,678,249,697</u>
<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>The impact on profit for the year, reserves and surplus and inventories as at 31 March 2013, if any, due to the above deviations is not ascertainable.</p>		
18 TRADE RECEIVABLES		
Unsecured and considered good	2,321,348,479	1,751,220,559
Total	<u>2,321,348,479</u>	<u>1,751,220,559</u>
19 CASH AND BANK BALANCES		
Cash and cash equivalents:		
Balance with banks	202,512,942	286,758,178
Cash on hand	3,957,499	3,020,935
	<u>206,470,441</u>	<u>289,779,113</u>
Other bank balances:		
Fixed and margin deposit accounts (under lien against borrowing, overdraft facility, guarantee and with government authorities)	1,022,387,657	2,782,950,974
Unpaid dividend account	452,850	452,850
	<u>1,022,840,507</u>	<u>2,783,403,824</u>
Amount disclosed under non-current assets (refer note 15)	—	(2,713,830)
Total	<u>1,229,310,948</u>	<u>3,070,469,107</u>

Suashish Diamonds Limited

Particulars	As at 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
20 SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans to staff	1,011,639	243,801
Loans to others	28,347,661	60,673,291
Loans and advances to related parties	1,696,774,839	706,675,873
Advances recoverable in cash or in kind or for value to be received	43,246,929	243,170,928
Prepaid expenses	7,856,367	5,106,954
Security deposits	2,193,632	35,624,177
Total	1,779,431,067	1,051,495,024
Loans and advances to related parties includes:		
Suashish Realty LLP	—	3,617,617
Suashish Properties Pvt. Ltd.	22,855,501	22,879,873
Suashish Realtors Pvt. Ltd.	17,470,081	17,512,093
Suashish Diamdeal (I) Ltd.	2,132,636	2,019,427
Goenka Laser House Pvt. Ltd.	49,874	33,690
Taruvarsh Leasing Co. Ltd.	—	100,000
Ashish R. Goenka (partner in a partnership firm)	1,652,820,718	660,513,173
Rajiv Somani	1,446,029	—
Total	1,696,774,839	706,675,873
21 OTHER CURRENT ASSETS		
Interest accrued but not due	24,924,171	176,780,321
Receivable against sale of investments	192,058	4,430,910
Receivable against forward contract	221,752,028	170,677,846
Total	246,868,257	351,889,077
22 REVENUE FROM OPERATIONS		
Particulars	Current Year 2012-2013 (Rs.)	Current Year 2011-2012 (Rs.)
Sales of raw materials / finished goods / traded goods:		
– Rough diamonds	4,155,740,925	6,712,176,506
– Polished diamonds	2,203,695,751	2,175,381,450
– Jewellery	3,442,437,834	2,532,990,429
Sale of electricity generated from windmills	9,344,590	9,148,968
Other operating revenue:		
– Sale of commodity / bullion	812,359,603	1,040,944,689
Total	10,623,578,703	12,470,642,042
23 OTHER INCOME		
Interest income:		
on fixed deposit with banks / security deposit	134,484,240	155,335,172
on income tax refund	80,837	1,946,025
Income from investments:		
Dividend income on long term investments (other than trade)	76,835,193	99,524,083
Interest income on Debentures	32,054,952	14,726,003
Gain / (loss) on sale of long term investments (Other than trade)	12,832,564	(5,057,397)
Gain on sale of investment in associates - Taruvarsh Tradeplace Pvt. Ltd. (Long-term, Trade)	14,022,978	—
Profit / (loss) from dealing in derivative instruments	(3,641,239)	(16,064,197)
Profit / (loss) on sale of shares	40,688,052	(4,065,213)
Shares of loss from partnership firm:		
– Suashish Realty LLP	(106,491)	—
Exchange rate difference (net)	159,263,216	—
Rent	4,321,642	6,144,546
Profit on sale of fixed assets (net)	—	6,730,389
Refund of property tax	5,686,441	—
Balance written-back (net)	1,002,831	—
Miscellaneous income	8,232,288	4,397,237
Total	485,757,504	263,616,648

24 COST OF MATERIALS

Particulars	Current Year 2012-2013 (Rs.)	Current Year 2011-2012 (Rs.)
a) Raw materials consumed / sold:		
Opening stock	816,331,967	429,404,550
Add: Purchases [including commission on imports and cleaving charges]	5,347,042,266	9,310,785,357
Less: Closing stock	418,585,615	816,331,967
Total (a)	5,744,788,618	8,923,857,940
b) Purchase of finished goods / traded goods:		
– Polished diamonds	1,694,817,077	1,620,562,897
– Jewellery	248,311,656	191,282,213
– Commodity / Bullion	916,515,092	1,149,655,658
Total (b)	2,859,643,825	2,961,500,768
c) Net loss/(income) on buyers credit #	3,784,543	(168,535,395)
Total (c)	3,784,543	(168,535,395)
Total (a + b + c)	8,608,216,986	11,716,823,313

The Company has availed buyer's credit in foreign currency from bank which is secured by lien on fixed deposit, for import of goods. Net income on buyer's credit comprising of interest income on fixed deposit of Rs.33,709,373 (previous year Rs.588,282,781), finance cost on buyer's credit of Rs.9,143,374 (previous year Rs.126,991,541) and exchange rate difference loss of Rs.28,350,542 (previous year exchange difference loss of Rs.292,755,845) is adjusted in "Cost of materials".

25 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 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:		
Closing stock of finished goods / traded goods		
– Polished diamonds	519,224,652	1,023,998,624
– Jewellery	396,182,676	495,587,108
– Commodity	400,992,598	280,490,985
	1,316,399,926	1,800,076,717
Total (a)	483,676,791	(954,507,532)
b) Changes in Work-in-progress		
Closing stock	93,003,800	55,577,304
Opening stock	55,577,304	27,674,047
Total (b)	(37,426,496)	(27,903,257)
Total (a+b)	446,250,295	(982,410,789)

26 EMPLOYEE BENEFITS EXPENSE

Salaries, bonus, commission and allowances	166,510,784	160,940,326
Contribution to provident and other funds	6,640,469	5,655,140
Gratuity	1,093,802	935,069
Staff welfare expenses	11,801,987	14,783,841
Total	186,047,042	182,314,376

Suashish Diamonds Limited

Particulars	Current Year 2012-2013 (Rs.)	Current Year 2011-2012 (Rs.)
27 FINANCE COSTS		
Interest expense	124,104,166	169,338,944
Interest on income tax	2,300,000	—
Exchange difference on foreign currency borrowings	116,752,572	120,337,062
Loan processing and other charges	4,541,782	24,188,219
Total	247,698,520	313,864,225
28 OTHER EXPENSES		
Processing charges	232,858,214	227,851,912
Stores, spares and tools consumed	40,827,755	37,026,397
Power and electricity	13,354,075	11,142,870
Communication expenses	5,212,962	5,569,170
Printing and stationery	2,794,236	3,161,195
Travelling and conveyance expenses	26,193,221	32,461,175
Legal and professional fees	24,510,592	20,807,331
Rent	27,658,118	25,513,834
Rates and taxes	3,381,963	4,985,927
Repairs and maintenance:		
– plant and machinery	1,370,340	895,908
– buildings	126,982	935,334
– other	15,169,879	11,073,555
Exchange rate difference (net)	—	263,992,158
Insurance charges	7,415,776	7,708,519
Auditor's remuneration	3,761,269	4,260,693
Donations	8,262,928	10,984,703
Bank charges	41,256,435	46,163,101
Loss on sale of Assets	1,103,492	—
Commision and brokerage on sales	20,162,803	16,145,682
Advertisement expenses	67,578,239	11,813,820
Sales promotion expenses	23,525,452	73,288,921
ECCG Premium	3,530,489	3,953,441
Freight, clearing and forwarding charges	36,254,204	27,197,406
Discount allowed	59,486,969	42,953,743
Bad debts	2,546,463	2,948,712
Fixed Assets written off	16,713,213	—
Balances written off	463,213	9,123,367
Miscellaneous expenses	25,113,978	23,642,089
Total	710,633,260	925,600,963

Particulars	As on 31/03/2013 (Rs.)	As on 31/03/2012 (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	6,498,758	6,447,592
iii. Service Tax	37,341,208	37,341,208
b) Bank guarantees given by banks on behalf of the group / company	4,977,324	5,104,572

30. ACCOUNTING OF INVESTMENTS IN ASSOCIATES

- i. The Group has accounted investments in associates, namely, Suashish Finance Limited, Taruvarsh Tradeplace Private Limited (upto 18/06/2012) and Suashish Realty LLP., 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 Tradeplace Private Limited, an associate, for the previous 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. have been provided on straight-line method as against written down value method followed by the Company. Depreciation for the year includes Rs.1,193,337 (previous year Rs.2,301,696) 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 2013 is Rs.33,417,163 (as at 31 March 2012 Rs.31,690,734).

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.11,886,481 (previous year Rs.11,746,729) 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 2013 is Rs.248,963,047 (as at 31 March 2012 Rs.259,766,408).

32. EARNINGS PER SHARE

	Current Year 2012-2013	Previous Year 2011-2012
(i) Net profit after tax available for equity shareholders (Rs.)	666,618,012	415,480,606
(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.)	32.11	20.01
(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.

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

(Amount in Rupees)

Sr. No.	Particulars	Outside India	Within India	Total
1.	Segment Revenue			
	Sales and income from operations	5,618,247,331 (7,601,386,356)	5,005,331,372 (4,869,255,686)	10,623,578,703 (12,470,642,042)
2.	Carrying amount of assets by geographical location of assets			
	Segment assets	1,764,239,304 (2,237,679,631)	9,639,481,998 (10,667,859,063)	11,403,721,302 (12,905,538,694)
3.	Additions to fixed assets and intangible assets	4,625,749 (27,604,743)	28,137,098 (46,112,999)	32,762,847 (73,717,742)

Notes:

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

34. RELATED PARTY DISCLOSURES

- i) Related party relationships:
 - a) Associates : Suashish Finance Ltd.
Taruvarsh Tradeplace Pvt. Ltd.
(Formerly Taruvarsh Leasing Co. Pvt. Ltd.) (up to 18/06/2012)
Suashish Realty LLP (Formerly Suashish Realty Pvt. Ltd.)
 - b) Key management personnel : Mr. Ashish R. Goenka
Mr. Rajesh R. Kedia
Mr. Pawankumar Bagla
Mr. Rajiv M. Somani
 - c) Relatives of key management personnel : Mrs. Lavina A. Goenka
Mr. Ramesh Kumar S. Goenka
Mrs. Amita Kedia
Mr. Siddharth Kedia
Mrs. Sunita Bagla
 - d) Enterprises on which key management personnel or their relatives have significant influence : Ramesh Kumar 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:

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

ii) Transactions with related parties

(Amount in Rupees)

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	— (—)	— (—)	— (—)	404,034 (86,489)	404,034 (86,489)
Reimbursements received towards expenses	— (602)	— (—)	— (—)	— (68,849)	— (69,451)
Rent expenses incurred	— (—)	24,000 (24,000)	— (—)	164,856 (164,856)	188,856 (188,856)
Sale of polished diamonds	— (—)	— (—)	— (14,261,894)	— (283,500)	— (14,545,394)
Managerial remuneration	— (—)	22,030,673 (19,867,767)	— (—)	— (—)	22,030,673 (19,867,767)
Consultancy charges paid	— (—)	— (—)	1,695,096 (1,695,096)	— (—)	1,695,096 (1,695,096)
Loans given	5,000 (50,000)	1,400,724 (—)	— (—)	736,353 (659,951)	2,142,077 (709,951)
Loans given received back	3,622,617 (5,334,383)	— (—)	— (—)	161,452 (122,994,003)	3,784,069 (128,328,386)
Loan taken	— (—)	— (244,500,000)	— (—)	— (—)	— (244,500,000)
Loan repayment	— (—)	— (244,500,000)	— (—)	— (—)	— (244,500,000)
Share application money refund received	150,000 (—)	— (—)	— (—)	— (—)	150,000 (—)
Share application money paid written off	67,000 (—)	— (—)	— (—)	— (—)	67,000 (—)
Sale of investments	— (—)	— (—)	— (—)	16,434,000 (—)	16,434,000 (—)
Capital introduced in subsidiary entities	3,678,117 (66,463)	1,592,230,613 (1,769,143,158)	128,591,985 (170,724,741)	10,001,889 (—)	1,734,502,604 (1,939,934,362)
Capital withdrawn from subsidiary entities	— (115,463)	2,585,155,752 (1,598,687,825)	126,022,985 (—)	17,266,693 (911,000)	2,728,445,430 (1,599,714,288)
Balances receivable as at year end	2,460,554 (3,780,617)	1,654,266,747 (660,463,173)	— (—)	71,399,092 (71,336,083)	1,728,126,393 (735,579,873)
Balances payable as at year end	— (32,640,862)	260,465,347 (—)	195,100,561 (—)	100,655,953 (106,382,262)	556,221,861 (139,023,124)

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

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

Particulars	Current Year 2012-2013 (Rs.)	Previous Year 2011-2012 (Rs.)
Reimbursements made towards expenses		
Suashish Diamdeal (India) Ltd.	106,831	23,476
Goenka Laser House Private Limited	106,743	23,477
Suashish Realtors Private Limited	104,055	20,559
Suashish Properties Private Limited	86,405	18,977
Rent expense incurred		
Mr. Ashish R. Goenka	24,000	24,000
Goenka Laser House Private Limited	43,500	43,500
Suashish Diamdeal (India) Ltd.	43,500	43,500
Suashish Properties Private Limited	35,124	35,124
Suashish Realtors Private Limited	42,732	42,732
Sale of polished diamond		
Mrs. Lavina A. Goenka	—	14,261,894
Managerial remuneration		
Mr. Ashish R. Goenka	14,800,000	8,600,000
Mr. Rajiv M. Somani	5,255,790	9,723,359
Consultancy charges paid		
Mrs. Amita Kedia	350,400	350,400
Mr. Siddharth Kedia	744,696	744,696
Mrs. Sunita Bagla	600,000	600,000
Loan given		
Suashish Diamdeal (India) Ltd.	397,238	166,941
Suashish Properties Private Limited	—	133,570
Suashish Realtors Private Limited	—	121,814
Goenka Laser House Private Limited	—	237,626
Mr. Rajiv M. Somani	1,400,724	—
Loan given received back		
Suashish Properties Private Limited	—	40,877,002
Suashish Realtors Private Limited	—	20,565,001
Suashish Diamdeal (India) Ltd.	—	61,322,000
Suashish Realty LLP	3,622,617	—
Share application money refund received		
Suashish Finance Ltd.	150,000	—
Share application money paid written off		
Suashish Finance Ltd.	67,000	—
Sale of investments		
Mohinidevi Goenka Trust	16,434,000	—
Capital introduced in subsidiary entities		
Mr. Ashish R. Goenka	1,592,230,613	1,641,952,261
Capital withdrawn from subsidiary entities		
Mr. Ashish R. Goenka	2,585,155,752	1,598,687,825
Loan taken from Director		
Mr. Ashish R. Goenka	—	244,500,000
Loan repayment to Director		
Mr. Ashish R. Goenka	—	244,500,000
Balances receivable as at year end		
Mr. Ashish R. Goenka	1,652,820,718	660,463,173
Suashish Properties Private Limited	—	22,879,873
Suashish Realtors Private Limited	—	17,512,093
Balances payable as at year end		
Mr. Ashish R. Goenka	260,465,347	—
Mrs. Lavina A. Goenka	195,100,561	—
Ramesh Kumar Goenka (HUF)	99,098,323	—
Taruvarsh Tradeplace Pvt. Ltd.	—	32,640,862
Ramesh kumar Goenka (HUF)	—	106,382,262

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 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 31/03/2013 (Rs.)	As at 31/03/2012 (Rs.)
Not later than one year	2,648,756	13,511,326
Later than one year and not later than five years	895,290	9,888,235
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.3,640,568 (previous year Rs.13,576,526).

- 36.** 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 and domestic 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.
- 37.** The Board of Directors of the Company vide its resolution dated 11 May 2013 have resolved to voluntarily delist the securities of the Company from Bombay Stock exchange Limited in terms of SEBI (Delisting of Equity Shares) Regulations, 2009 and offers to acquire the shares of the Company from the public at an indicative price up to Rs. 230/- per share.
- 38.** 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.
- 39.** Previous year's figures have been regrouped / rearranged to confirm to current year's presentations.

Signature to note '1' to '39'

As per our report of even date attached

For **SURESH SURANA & ASSOCIATES**
Chartered Accountants

(Nirmal Jain)

Partner

Membership No.: 34709

Mumbai; Dated: 30 May 2013

On behalf of the Board of directors

Ashish R. Goenka

Chairman & Managing Director

Rajesh R. Kedia

Wholetime Director

Bijal Gada

Company Secretary

Mumbai; Dated: 30 May 2013

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	31.3.2013	31.3.2013	31.3.2013	31.3.2013	31.3.2013
3.	Holding Company's Interest in the Subsidiary Company					
	a) No. of Equity Shares held in the Subsidiary Company	3,000	5,000,000	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	132,651,975	(43,145,178)	(4,887,542)	36,268,671	(79,989)
	b) For the Previous Financial Year since it became a subsidiary.	(106,054,834)	80,014,617	(6,008,248)	71,091,203	(4,010,611)
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

On behalf of Board of Directors

Ashish R. Goenka Chairman Managing Director

Rajeshkumar R. Kedia Wholetime Director

Mumbai, 30th May, 2013.

SUASHISH DIAMONDS LTD.

Registered Office : Mehta Mahal, 11th Floor, 15 Mathew Road, Opera House, Mumbai-400004.

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 25th 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 Friday, the 27th day of September, 2013 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-400004.

PROXY FORM

I/We being a member/members of

Suashish Diamonds Limited hereby appoint of or

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

on my / our behalf at the 25th Annual General Meeting of the Members 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 Friday, the 27th day of September, 2013 at 11.00 a.m.

on _____, _____, 2013.

Signed this day of 2013.

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:

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


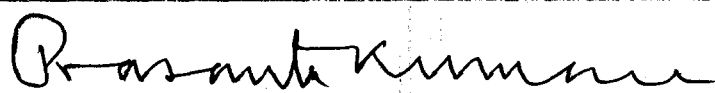

BOOK POST



suashish

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

FORM B
(Filing of Audited Annual Report with the Stock Exchange)

1	Name of the company	Suashish Diamonds Limited
2	Annual financial statements for the year ended	31 st March, 2013
3	Type of Audit qualification	<p><u>Auditors Qualification (Basis for Qualified Opinion):</u></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>The impact on Profit for the year, reserves and surplus and inventories as at 31 March 2013, if any, due to the above deviations is not ascertainable.</p>
4	Frequency of qualification	Repetitive
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Note No. 16</p> <p><u>The management response to the qualification in the directors report:</u></p> <p>The Management response in Directors Report states that " As regards Auditors' observation in Auditors' Report, Members may read Note forming part of the Accounts, which is self-explanatory. "</p>
	Additional comments from the board/audit committee chair:	NIL
5	To be signed by- • Managing Director – Mr. Ashish R. Goenka	
	• CFO – Mr. Prashant Kumar De	
	• Auditor of the company – For Suresh Surana and Associates Chartered Accountants Firm Registration No: 121750W Mr. Nirmal Jain (Partner) Membership No. 34709	
	• Audit Committee Chairman – Mr. Kamal Gupta	