

DIAMOND INFOSYSTEMS LIMITED
REGD OFF: ESSEN INFO PARK,5/9-10 BIDC GORWA, BARODA, GUJARAT

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Annual Report together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2010. The Financial Highlights for the period under review are given below:

(1) FINANCIAL AND WORKING RESULTS :

<u>PARTICULARS</u>	2009-2010 (Rs.)	2008-2009 (Rs.)
Gross Profits	1,20,75,694	1,32,06,733
(Less): Depreciation & Finance charges	(733723)	(561019)
PROFIT BEFORE TAXATION:	11,341,971	1,26,45,714
(Less): - Provision For Taxation	(3400000)	(3200000)
(Less): - Fringe Benefit Tax	(-)	(10383)
NET PROFIT FOR THE YEAR	79,41,971	94,35,331
(Less): Balance Brought Forward from Previous year	5572534	(3862797)
BALANCE CARRIED FORWARD TO BALANCE SHEET	13,514,505	55,72,534

(2) DEPOSITS:

The Company has not accepted any deposits during the year within the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

(3) OPERATIONS

Microsoft is leading Global provider of integrated software solutions for small and medium sized businesses. MICROSOFT software solutions are sold through as extensive network of more than 2,300 partners. Worldwide MICROSOFT has sold more than 1,33,000 solutions. The main product lines include MICROSOFT Dynamics, MICROSOFT NAV, MICROSOFT Ax and MICROSOFT CRM. MICROSOFT has 1200 employees and subsidiaries in 30 countries.

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We at Diamond Infosystems Limited have the expertise and trained professionals to sell and implement the ERP products. Due to trained and qualified personnel, we are uniquely positioned to offer superior and distinctive services to our clients.

Your Company has also entered into the business of data technologies and in thus has started by undertaking data entry work for overseas client through their Indian Partners.

The operations of the Company now can be classified into following segments:

1. Software Development & Industry Solutions

The Company offers high end customized software for the small and medium enterprise and for the clients who are really growth and business driven. We offer complete services of selection, procuring, implementation and going live of MICROSOFT Products an ERP providing Company.

- **Enterprise Recourse Planning (ERP)**

Based on experience and expertise gained on implementation and maintenance of SAP, R/3 and ERP package now the Company equip to take scale assignment for AS-IS, TO-BE, GAP Analysis, Business reengineering, Customization, Implementation and going live. Basically this expertise and presence in the market has positioned as strategically in the market to sell and implement the products offered by MICROSOFT India as MICROSOFT Certified Partner.

- **Customized Software**

The Company has developed in house prototypes for the small scale industry specifically which are not cost effective and flexible taking into consideration all the business needs for a stand alone environment as required by the customer. These packages are custom built and offer various functionalities in the areas of materials management, inventory management, payroll, financial accounting, management information system, billing invoicing stand alone software's. The software have been developed in house on various platforms and are being successfully sold and operation since last six years.

2. Networking and Hardware Solutions

The company has revived the business of hardware and networking solutions it had expertise of , the basic reason of reviving the sector was to offer the small and medium sector ERP customers for MICROSOFT products with one stop solutions to their hardware and networking needs along with the software.

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- **Networking**

Total turnkey projects on local area network / wide area network includes setting of network operating systems, internet servers, web servers, proxy servers, remote access dialup.

- **Hardware**

As software developer, the company has simultaneously also gained substantial expertise for hardware developer and the Company expect to get good business in the years to come.

3. Data Technologies

Your Company has successfully completed 6 years of India's premier business to business portal catering to needs of electrical industry. The Company is proud to venture into and diversify seeing the potential and industry scenario into business of data technologies.

4. Web Technologies

Your Company, couple of years back had diversified into the E-Commerce industries by way of equity placement to Unit Trust of India, where in the Company sold its 11% stake to capitalize and diversify in the business of E-Commerce namely by Dot Com industry. The Company launch a premier B2B portal www.indiaelectricmarket.com . The viewer ship and number of visitors to the portal are enormous which amount to approximately Lac hits per month. This is to really and encouraging rate of number of its for B2B portal in present industry scenario. The target customer is a large electrical goods buyer, contractors, architects, consultants, dealers and distributors, corporate etc.

The Company basically has a revenue model that is based on modules like tender services, new project listings, news and views, resell markets, auctions, online exhibitions, i.e. all provided online via net. The specific area lead to need to educate the user customer with the concept itself, in the process company landed up with lot of orders for web designing. Since the Company's portal is up and running now for 306 years it only needs maintenance and updating. The spare expertise of the main power was thus used to provide the customer with web designing facilities, basically making web sites of the Companies or Corporate. The web sites normal size is 2 MB, 5 MB or 10 MB size. This lead the Company to provide the web designing from concept , drafts , approvals , designs , look and feel , navigation ease ,

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uploading , launching and speed of web site basically complete portal management and support.

This has added one more product to the diverse range of operations of the Company portal management and web designing.

FUTURE PROSPECTS

Your Company sustains a relentless competitive focus as the economic climate is expected to remain challenging. Your Company will continue to deploy resources in a focused manner to secure stakeholder interest and pursue growth.

The future prospectus of the industry as on overall does not look good thus it is very important for us to sustain and try and look for new and better areas within the IT industry to survive and make the entity profitable and in the event we have decided to focus upon two areas.

These will over and above the existing operations of the company.

DIRECTORS

In accordance with the provisions of the Company's Article of Association, Mr. Amit. S. Bhatnagar and Mr. Suresh. N. Bhatnagar, the Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

- (i) Your Directors have followed the applicable accounting standards alongwith proper explanation relating to material departure, if any, while preparing the annual accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for the period;
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the

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provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) Your Directors have prepared the annual accounts on a going concern basis.

AUDITORS:

M/s. Vijay N Tewar & Co., Chartered Accountants, Vadodara, Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment. You are requested to appoint Auditors and fix their remuneration.

CORPORATE GOVERNANCE

A separate section Corporate Governance and certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchange, forms part of the Annual Report.

PARTICULARS RELATING TO CONSERVATION OF ENERGY,

A. CONSERVATION OF ENERGY:

The Company does not have information required under Section 217 (I) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Board of Directors) Rules, 1988 to offer and hence no particulars have been furnished.

B. FOREIGN EXCHANGE EARNING & OUTGO:

During the year, the Company has neither earned nor spent any foreign exchange during the year.

ACKNOWLEDGEMENTS:

Your Directors take opportunity to express their gratitude to SEBI, Stock Exchanges, Government Authorities, Bankers, Employees & Shareholders for their continued support and co-operation.

CORPORATE GOVERNANCE REPORT

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DIL believes that a sound Corporate Governance policy drives healthy business growth and is an important instrument of enhancing investor confidence. DIL has been committed to highest standards of Corporate Governance practices since its inception. Good Corporate Governance provides an appropriate framework for the Board and the management to enhance shareholders wealth. The Company complies with the Corporate Governance code enshrined in Clause 49 of listing agreement.

Your Company has also familiarized itself with to requirements of the Corporate Governance Guidelines 2009 issued by the Ministry of Corporate Affairs.

BOARD OF DIRECTORS

Composition

The Board of Directors comprises 6 directors, out of which 5 directors are non-executive directors. The two executive directors include – Managing Director. Half of the Directors are independent Directors in the Board and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. The directors bring to the Board a wide range of experience and skills in different fields. . The composition of the board is in conformity with the listing agreement.

None of the Board of Directors is a member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the listing agreement with the Stock Exchange) across all the companies in which they are Directors. Necessary disclosure regarding committee position has been made by the Directors.

Attendance of the Directors at the Board Meeting, last AGM and details of membership in other Board/Committee are as under:

Name	Category / Position	No. of Board Meetings		AGM 30.09.09	No. of other Directorship		No. of other Board Committees	
		Held	Attended		Member	Chairman	Member	Chairman
Shri S.N. Bhatnagar	NE / Chairman	7	7	Yes	5	1	-	-

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Shri Sumit Bhatnagar	Ex / Managing Director	7	7	Yes	8	-	-	-
Shri Amit Bhatnagar	NE / Vice Chairman	7	6	Yes	7	-	1	-
Shri Prakash Sinha	NE/ Directors	7	5	No	2	-	3	1
Shri Gajendra Narayan Verma	NE/ Directors	7	4	No	-	-	3	1
Shri Triloki Narayan Bhatnagar	NE/ Directors	7	6	No	2	-	3	1

Ex = Executive Director, NE = Non-Executive Director, C = Chairman, MD = Managing Director, JMD = Joint Managing Director.

Seven Board Meetings were held during the year under review on 30.04.2009, 02.06.2009, 25.07.2009, 09.08.2009, 30.08.2009, 29.10.2009 and 14.02.2010. The gap between two meetings did not exceed four months.

The information as required under Annexure-I to clause 49 is being made available to the Board.

AUDIT COMMITTEE:

The Audit Committee of the Company functions under the Terms of Reference as stipulated by Clause 49 of the Listing Agreement and the Companies Act, apart from overseeing the process of checks and balances in the working of the Company.

The composition of the Audit Committee with change during year and the details of meetings attended by the Members are given below:

Sr. No.	Names of Members	Position	Status	No. of Meetings	
				Held	Attended
1	Shri Prakash Sinha	Independent Director	Chairman	4	3

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	2	Shri Gajendra Narayan Verma	Independent Director	Member	4	4
Four r Au	3	Shri Triloki Narayan Bhatnagar	Independent Director	Member	4	2

Audit Committee Meetings were held during the year under review on 30.04.2009, 09.08.2009, 29.10.2009 and 14.02.2010.

The following are the terms of reference for the Audit Committee:

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other service.
3. Discuss with auditors once every year the nature and scope of audit.
4. Review the Quarterly and annual financial statements before submission to the Board, primarily focusing on the following points and also ensure compliance of internal control systems:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualification in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards
5. Compliance with stock exchange and legal requirement concerning financial statements.
6. Review with management, external and internal auditors, the adequacy of internal control systems, significant findings and follow up thereon.
7. Review the company's financial and risk management policies.
8. Look into the reason for substantial defaults, if any, in payment to the depositors, debenture holders and creditors, if any.
9. The Audit Committee may
 - Investigate any activity within its terms of reference.
 - Seek information from any employee.
 - Obtain outside legal or other professional advice.
 - Secure attendance of outsiders with relevant expertise, if it considers necessary.

REMUNERATION COMMITTEE:

The Remuneration Committee comprises of the following Directors.

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Sr. No.	Name of the Director	Position	Category
1	Shri Gajendra Narayan Verma	Chairman	Independent Director
2	Shri Triloki Narayan Bhatnagar	Member	Independent Director
3	Shri Prakash Sinha	Member	Independent Director

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and retain talent in the organization and record merit

The Details of remuneration and sitting fees for Board and other committee meetings paid to the Directors for the year ended March 31, 2010:

<i>Name</i>	Category / Position	Salary (Rs.)	Sitting Fees (Rs.)	Other Allowances (Rs.)
Shri S. N. Bhatnagar	NE/ Chairman	NIL		NIL
Shri Amit Bhatnagar	Ex. MD	12,000	NIL	12,000
Shri Sumit Bhatnagar	NE/ Vice Chairman	NIL		NIL
Shri Gajendra Narayan Verma	NE	NIL		NIL
Shri Triloki Narayan Bhatnagar	NE	NIL		NIL
Shri Prakash Sinha	NE	NIL		NIL

Investor's Grievances Committee :

The references mandated by your Board in line with the statutory and regulatory requirements are:

- I. Redressing of shareholders and investors complaints;
- II. To ensure expeditious share transfers;
- III. To review status of legal cases involving the investors where the Company has been made a party.

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The composition, names of the members, chairperson, and particulars of the meetings and attendance of the members during the year are as follows:

Sr. No.	Names of Members	Position	Category	Meetings (09-10)	
				Held	Attended
1	Shri Triloki Narayan Bhatnagar	Chairman	Independent Director	4	2
2	Shri Prakash Sinha	Member	Independent Director	4	2
3	Shri Gajendra Narayan Verma	Member	Independent Director	4	4
4	Shri Sumit Bhatnagar	Member	Executive Director	4	1

Four Investor Grievance Committee Meetings were held during the year under review on 30.04.2009, 09.08.2009, 29.10.2009 and 14.02.2010.

Name, designation & address of Compliance Officer:

Shri Vinay Patnerkar

Deputy Compliance Officer

Diamond Infosystems Limited,

“ESSEN Info Park”

5 / 12, BIDC, Gorwa,

Baroda - 390016.

Phone : 91-265-2284328, 2283969

Fax : 91-265-2280528

E-mail :

Details of investors' complaints received during April 1, 2009 to March 31, 2010 are as follows:

Sr. No.	Nature of Complaint	Recd.	Disposed	Pending	Remarks
1	Non- receipt of dividend warrant	0	0	0	--
2	Excess/ Shortpayment of Dividend Warrant	0	0	0	--

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3	Non-receipt of Annual Reports	0	0	0	--
4	Legal Notice	0	0	0	--
5	Non- receipt of refund order	0	0	0	--
6	Correction of name on securities	0	0	0	--
7	Non Receipt of Security- Complaint relating to transfer of Shares	0	0	0	--
8	Clarification regarding shares	0	0	0	--

General Body Meetings:

Particulars about the last Three Annual General Meetings of the Company are:

Sr. No.	AGM Particulars & Date	Venue	Time
1	30.01.2007	Registered Office	10.00 a.m.
2	29.09.2008	Registered Office	10.00 a.m.
3	30.09.2009	Registered Office	10.00 a.m.

Material Disclosures:

No transaction of material nature has been entered into by the Company with Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions in which directors are interested is placed before the Board of Directors regularly.

As required under clause V of Clause 49 of the listing agreement with the stock exchanges, the Managing Directors, Company Secretary have certified to the Board the financial statements for the year ended March 31, 2010. They have further declared that all the board members and senior personnel have affirmed compliance with the code of conduct for the year ended March 31, 2010.

Means of Communication:

Your company uses several modes of communication with its external stakeholders such as announcements, press releases in newspapers and other reports to the members. Your Company's Quarterly Results are published in one English Daily newspaper and one Vernacular Daily newspaper and also forwarded to BSE.

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General Shareholder Information:

I.	ADDRESS CORPORATE HEADQUARTERS:	OF /	DIAMOND INFOSYSTEMS LIMITED “ESSEN INFOPARK”, 5/12 BIDC, GORWA, VADODARA – 390016.
II.	CONTACT PERSON:		SHRI VINAY PATANKAR DEPUTY COMPLIANCE OFFICER
III.	ANNUAL MEETING:	GENERAL	30 TH SEPTEMBER, 2010
IV.	DATE CLOSURE	OF BOOK	23.09.2010 TO 29.09.2010 (both days inclusive)
V.	LISTED ON:		THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI SCRIP CODE: 530801 The Listing Fees to Bombay Stock Exchange Ltd. has already been paid for the year 2009- 2010.
VI.	WEBSITE:		www.diinsy.com

I. Registrar and Share

Transfer Agents

Karvy Computershare Pvt. Ltd.
PLOT NO. 17 TO 24,
VITTALRAO NAGAR
MADHAPUR HYDERABAD - 500 081
TEL NO: 040-23420818 to 28 EXT : 188
FAX NO: 040-23421971

II. Share Transfer System:

Transfer of shares is done through depositories by the Share transfer Agents without the involvement of the Company. The transfer of Shares in the physical form is done every 15 days from the date of receipt of the completed share transfer forms.

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COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

1. The company is not maintaining a separate office for the Chairman.
2. The Companies Amendment Act, 2000 has introduced the concept of postal ballot in respect of certain items. The Company will comply with these requirements as and when necessary.
3. The announcement of Quarterly results carries information on important developments for the benefit of shareholders.

FOR AND ON BEHALF OF THE BOARD
DIAMOND INFOSYSTEMS LTD.

Sd/-
CHAIRMAN

Place : Vadodara
Date : 02th September, 2010

MANAGEMENT DISCUSSION REPORT

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

A. Industry structure and developments

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations.

Consumers of products and services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and using outsourced technology service providers to adequately address these needs. The role of technology has evolved from supporting corporations to transforming their business. There is an increasing need for highly skilled technology professionals in the markets in which we operate. At the same time, corporations

are reluctant to expand their internal IT departments and increase costs. These factors have increased the reliance of corporations on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services.

1. Increasing trend toward offshore technology services

Outsourcing the development, management and ongoing maintenance of technology platforms and solutions has become increasingly important to companies.

2. The India advantage

India is widely recognized as the premier destination for offshore technology services. According to the NASSCOM Strategic Review 2011, IT services exports (excluding exports relating to business process outsourcing (BPO), hardware, engineering design and product development) from India are estimated to grow by 22.7% in fiscal 2011, to record revenues of US\$ 33.5 billion.

3. Evolution of technology outsourcing

The realm of technology outsourcing is changing. In an environment of rapid technological advancement, globalization and regulatory changes, companies are looking at outsourcing approaches that require their technology service providers to develop specialized systems, processes and solutions along with cost-effective delivery capabilities.

5. Our end-to-end solutions

We complement our industry expertise with specialized support for our clients. We also leverage the expertise of our various Centers of Excellence and our software engineering group and technology lab to create customized solutions for our clients. In addition, we continually evaluate and train our professionals in new technologies and methodologies. Finally, we ensure the integrity of our service delivery by utilizing a scalable and secure infrastructure.

B. Financial condition

Our Financial Numbers speaks in our Balance Sheets and Profit & Loss Accounts of the Company.

statements section of this report.

Events occurring after the Balance Sheet date

There were no significant events occurring after the Balance Sheet date.

Opportunities and threats

We believe our competitive strengths include :

- Leadership in sophisticated solutions that enable our clients to optimize the efficiency of their business
 - Proven GDM
- Commitment to superior quality and process execution
- Strong brand and long-standing client relationships
 - Status as an employer of choice

- Ability to scale
- Innovation and leadership

1. Our strategy

We seek to further strengthen our position as a leading global technology services company by successfully differentiating our service offerings and increasing the scale of our operations. To achieve these goals, we seek to :

- Increase business from existing and new clients
 - Expand geographically
- Continue to invest in infrastructure and employees
- Continue to enhance our engagement models and offerings
 - Continue to develop deep industry knowledge
 - Enhance brand visibility
- Pursue alliances and strategic acquisitions

2. Competition

We operate in a highly competitive and rapidly changing market and compete with consulting firms such as Accenture Limited, Atos Origin S.A., Cap Gemini S.A., and Deloitte Consulting LLP; divisions of large multinational technology firms such as Hewlett-Packard Company and International Business Machines Corporation; IT outsourcing firms such as Computer Sciences Corporation, Keane Inc., Logica Plc and Dell Perot Systems; offshore technology services firms such as Cognizant Technology Solutions Corporation, Tata Consultancy

Services Limited and Wipro Technologies Limited; software firms such as Oracle Corporation and SAP A.G.; business process outsourcing firms such as Genpact Limited and WNS Global Services and in-house IT departments of large corporations.

In the future, we expect competition from firms establishing and building their offshore presence and firms in countries with lower personnel costs than those prevailing in India. However, we recognize that price alone cannot constitute a sustainable competitive advantage.

We believe that the principal competitive factors in our business include the ability to effectively integrate onsite and offshore execution capabilities to deliver seamless, scalable, cost-effective services; increase scale and breadth of service offerings to provide one-stop solutions; provide industry expertise to clients' business solutions; attract and retain high-quality technology professionals and maintain financial strength to make strategic investments in human resources and physical infrastructure through business cycles.

We believe we compete favorably with respect to these factors.

E. Outlook, risks and concerns

This section contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors.

The following lists our outlook, risks and concerns :

- Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline. We may not be able to sustain our previous profit

margins or levels of profitability.

- Our revenues are highly dependent on clients primarily located in the U.S. and Europe, as well as in certain industries, and an economic slowdown or other factors that affect the economic health of the U.S., Europe or these industries may affect our business.
- Currency fluctuations may affect the results of our operations.
- Our success depends largely upon our highly skilled technology professionals and our ability to hire, attract, motivate, retain and train our personnel.
- We may face difficulties in providing end-to-end business solutions for our clients, which could lead to clients discontinuing their work with us. This in turn could harm our business.
- Intense competition in the market for technology services could affect our cost advantages, which could reduce our share of business from clients and may decrease our revenues.
- Our revenues are highly dependent upon a small number of clients, and the loss of any one of our major clients could significantly impact our business.
- Legislation in certain countries in which we operate, including the United States and the United Kingdom, may restrict companies in those countries from outsourcing work to us.
- Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.
- Our failure to complete fixed-price, fixed-timeframe contracts or

transaction-based pricing contracts within the budget and on time,
may negatively affect our profitability.

- Our client contracts can be terminated without cause and with little or no notice or penalty. This could negatively impact our revenues and profitability.
- Our engagements with customers are singular in nature and do not necessarily provide for subsequent engagements.
- Our client contracts are often conditioned upon our performance, which, if unsatisfactory, may result in less revenue than previously anticipated.
- Some of our long-term client contracts contain benchmarking provisions which, if triggered, could result in lower future revenues and profitability under the contract.
- Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.
- Disruptions in telecommunications, system failures or virus attacks could harm our ability to execute our GDM, which could result in client dissatisfaction and a reduction of our revenues.
- We may be liable to our clients for damages caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services.
- Our increasing work with governmental agencies may expose us to additional risks.
- We are investing substantial cash assets in new facilities and

physical infrastructure, and our profitability could be reduced if our business does not grow proportionately.

- We may be unable to recoup our investment costs to develop our software products.
- Our insiders who are significant shareholders may control the election of our Board and may have interests that conflict with those of our other shareholders or holders of our ADSs.
- We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.
- Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire or terminate.
- In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.
- We operate in jurisdictions that impose transfer pricing and other tax-related regulations on us, and any failure to comply could materially and adversely affect our profitability.
- Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins.
- Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.
- The markets in which we operate are subject to the risk of

earthquakes, floods, tsunamis and other natural and man made
disasters.

- Changes in immigration laws may affect our ability to compete and provide services to our clients in various countries. This could hamper our growth and may have an impact on our revenues.
- Our ability to acquire companies organized outside India depends on the approval of the Government of India and / or the Reserve Bank of India, and failure to obtain this approval could negatively impact our business.

F. Internal control systems and their adequacy

The CEO and CFO certification provided in the *CEO and CFO Certification* section of the Annual Report discusses the adequacy of our internal control systems and procedures.

G. Material developments in human resources / industrial relations, including number of people employed

Our culture and reputation as a leader in the technology services industry enables us to recruit and retain some of the best available talent in India.

CERTIFICATION

To

The Board of Directors

Diamond Infosystems Limited

Baroda

We, Undersigned Dr. Sumit Bhatnagar, Managing Director and Amit Bhatnagar, Vice Chairman of the Company, certify that :

1. We have reviewed the Balance Sheet and Profit and Loss account (standalone and consolidated), and all the schedules and notes on accounts, as well as the Cash Flow statements, and the Directors' report.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violate of the Company's Code of Conduct.

5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company. and we have :

a. Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP).

c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.

d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

6. We have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the

Company's Board of Directors (and persons performing the equivalent functions) :

7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.

8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.

9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct for the current year.

For Diamond Infosystems Limited

Sd/-

Sd/-

Dr. Sumit Bhatnagar Amit Bhatnagar

Managing Director Vice Chairman

CODE OF CONDUCT

In compliance with Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct. This code is applicable to the Members of the Board, the Executive Council and all employees of the Company.

AUDITORS' REPORT

To,
The Members
Diamond Infosystems Ltd.
Baroda, Gujarat

We have audited the attached Balance Sheet of **Diamond Infosystems Ltd** (herein after referred to as the "Company") at 31st March, 2010 and also the annexed profit and loss Account and the cash flow statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principal used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of Companies Act, 1956 and on the basis of such check of the books and records of the Company produced before us and as considered appropriate by us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to in paragraph (1) above, we report that:


- 1) We have obtained all the information and explanation, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- 2) In our opinion, the Company has kept proper books of account as required by law so far as it appears from our examination of the books and proper returns adequate for the purpose of our audit.
- 3) The Balance Sheet and Profit and loss Account dealt with by this Report are in agreement with the aforesaid books of accounts.
- 4) In our opinion, the Balance sheet and Profit and Loss Accounts of the company dealt with by this report, generally comply with the Accounting Standards referred to in Section 211(3C) of

the Companies Act, 1956, subject to note 2(k) regarding non compliance with Accounting Standard 22 (Accounting for Tax on Income).

- 5) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and notes thereon, give the information required by the Companies Act, 1956, in the manner so required the 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 31st March 2010 and
- II) In the case of Profit & Loss Account, of the Profit for the year ended on that date.
- III) In the case of Cash Flow Statement, of the Cash Flow as on that date.

Place: Vadodara
Date: 02.09.2010

For Vijay N Tewar & Co.
Chartered Accountants



Vijay N. Tewar
Proprietor
M. No.40676

ANNEXURE TO THE AUDITORS' REPORT

- 1 (a) The Company has maintained proper records showing all particulars including quantitative details and situation of Fixed Assets.

(b) As explained to us, the physical verification of its fixed assets located at the plant have been conducted by the management at reasonable intervals. In our opinion, the frequency of the verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed between the book records and the physical inventory in respect of the assets.

(c) During the period under audit, the Company has not sold/disposed off substantial part of its Fixed Assets.

 - 2 (a) Physical verification of inventory has been conducted by the management, however no record are available to show that the company had carried the physical verification during the audit year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of the business.

(c) We are unable to comment upon the records of the stock as they are not available to show.

 - 3 (a) The company has granted a unsecured loans of Rs 18,76,081/- to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 during normal business transactions and also the company/firm under the same management and taking and giving payments as and when required

(b) In the absence of loan agreement, we are unable to comment on this para, however as informed to us by the company such payment have been made by the company in the ordinary course of business and to the companies under the same management.

(c) As stated above in the Para (b), the loans have been granted to the companies under the same management the repayments have been made as and when required.

(d) As stated in the above Para (c) no overdue amount more than one lac can be worked out.

(e) No formal terms and conditions for payment of the principal amount and interest, so we are not in position to give our opinion that installment payments are regular or not.

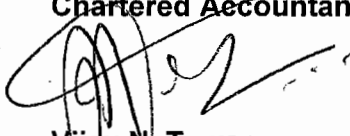
(f) As stated in the point no.(e) above, we are unable to comment whether repayment of principal and interest was regular or not.
-

- 4 In our opinion and according to the information and explanations given to us by the management, there is adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
 - 5 (a) The company has not entered into the particulars of contracts or arrangements required to enter into a register in pursuant section 301 of the Act.
(b) We are unable to comment whether these particulars of the contracts and arrangements have been made at a price which are reasonable having regard to prevailing market price at the relevant time, as we are not unable to compare it with the competitor price (This information is required only in case of transaction exceeding the value of five lacs rupees in respect of any party and in respect of any financial year).
 - 6 As per the information given to us the company has not accepted any deposits from public; the unsecured loans accepted do not fall within the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under to the extent applicable.
 - 7 The company has an audit system which, in our opinion, needs to be strengthened as regards its coverage to make it commensurate with its size and nature of business.
 - 8 As informed to us the maintenance of cost record has not been prescribed by central government under section 209(1)(d) of the Companies Act 1956 in respect of the activities carried on by the company.
 - 9 (a) According to the records of the Company, Provident Fund, Employee State Insurance, Investors Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities save few instances, though the delays in deposits have not been serious.
(b) This Clause is not applicable.
 - 10 The Company has been registered for more than five years and its accumulated losses as at the year end are Rs. Nil. During the year the company has made profit of Rs.79.41 lacs.
 - 11 The Company has not defaulted in repayment of dues to the financial institutions and bank or debenture holder as there are no such loans.
-

- 12 As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- 13 The provision of any special statute as specified under paragraph 4(xiii) of the order are not applicable to the company.
 - a. Not Applicable.
 - b. Not Applicable
 - c. Not Applicable
 - d. Not Applicable
- 14 The company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirement is not applicable.
- 15 We are unable to know whether the company has given any guarantees against loans taken by others from banks and financial institutions. So we are not able to form our opinion on it.
- 16 No new loans have been raised during the period and hence, this clause does not apply.
- 17 According to the information and explanation 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 and no long term funds have been used to finance short term assets except permanent working capital.
- 18 According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the period.
- 19 No debentures have been issued during the year.
- 20 The company has not raised any money by public issue during the year.
- 21 According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Vadodara
Date: 02.09.2010

For Vijay N Tewar & Co.
Chartered Accountants



Vijay N. Tewar
Proprietor
M. No.40676

DIAMOND INFOSYSTEMS LIMITED
(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)
BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule	31-3-2010 Rs.	31-3-2009 Rs.
SOURCES OF FUNDS			
Share Holder's Fund			
Share Capital	1	74,967,500	74,967,500
Reserve & Surplus	2	60,395,572	52,453,601
Secured Loans	3	941,284	-
Sources of Fund - Total		136,304,356	127,421,101
APPLICATION OF FUNDS			
Fixed Assets (Gross Block)			
Gross Block	4	54,926,240	52,944,882
Less: Depreciation		21,366,302	20,632,578
		33,559,938	32,312,304
Add: Capital Work In Progress		-	-
Fixed Assets - Total		33,559,938	32,312,304
Investments	5	34,753,020	34,753,020
Current Assets, Loans & Advances			
Sundry Debtors	6	441,663,298	463,521,082
Cash & Bank Balances		1,669,548	2,071,317
Loans & Advances		30,233,937	24,413,047
Current Assets, Loans & Advances - Total		473,566,783	490,005,446
Less: Current Liabilities & Provision			
Sundry Creditors	7	398,838,768	426,362,668
Provisions		6,736,615	3,287,000
Current Liabilities & Provision - Total		405,575,383	429,649,668
Net Current Assets / Liabilities		67,991,400	60,355,778
Miscellaneous Expenditure (To the extent not written off or adjusted)			
		-	-
Application of Funds - Total		136,304,356	127,421,101

Accounting Policies and Notes Forming part of Accounts

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As per our report of even date
For **VIJAY N. TEWAR & CO.**,
CHARTERED ACCOUNTANTS

VIJAY N. TEWAR
PROPRIETOR
Membership No. 040676



FOR & ON BEHALF OF THE BOARD

CHAIRMAN MD DIRECTORS

Place : BARODA
DATE : 02/09/2010

Place : Baroda
DATE : 02/09/2010

DIAMOND INFOSYSTEMS LIMITED

(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)

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

SCHEDULE - 1 : SHARE CAPITAL

PARTICULARS		31-3-2010 Rs.		31-3-2009 Rs.
Authorised Share Capital				
Authorised 1,00,00,000 Equity Shares of Rs. 10/- each.	100,000,000		100,000,000	
Authorised 1,00,000 Preference Shares of Rs. 100/- each.	<u>10,000,000</u>		<u>10,000,000</u>	
Authorised Share Capital -- Total		110,000,000		110,000,000
Issued, Subscribed and Paid up :				
58,85,000 Equity Shares of Rs. 10/- each	58,850,000		58,850,000	
Share Application Money	16,117,500		16,117,500	
Total		74,967,500		74,967,500
Of the above Equity Shares				
(a) 7,25,000 Equity Shares are issued to UTI on Preferential Basis in cash				
(b) 16,60,000 Equity Shares are issued on Preferential Basis to Promoters, Directors and their relatives in cash				
Share Capital -- Total		74,967,500		74,967,500

SCHEDULE - 2 : RESERVES & SURPLUS

PARTICULARS		31-3-2010 Rs.		31-3-2009 Rs.
(A) General Reserve				
Balance as per last Balance Sheet		146,067		146,067
(B) Share Premium Account				
Balance as per last Balance Sheet		46,735,000		46,735,000
(C) Profit & Loss Account				
Balance as per last Balance Sheet	5,572,534		-3,862,797	
Add : Profit During the year	<u>7,941,971</u>		<u>9,435,331</u>	
		13,514,505		5,572,534
		60,395,572		52,453,601

SCHEDULE - 3 : SECURED LOANS

PARTICULARS		31-3-2010 Rs.		31-3-2009 Rs.
SECURED LOANS				
(A) FROM BANK				
KOTAK MAHINDRA BANK LTD	<u>941,284</u>	941,284	-	-
Investment -- Total		941,284		-



DIAMOND INFOSYSTEMS LIMITED

(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)

SCHEDULE - 5 : INVESTMENTS

PARTICULARS		31-3-2010 Rs.		31-3-2009 Rs.
Long Term Investments				
(A) Investments in Quoted Shares				
Diamond Power Infrastructure Ltd	34,024,998		34,024,998	
(B) Investments in Unquoted Shares				
EISL Ltd USA	<u>728,022</u>		<u>728,022</u>	
Investment -- Total		34,753,020		34,753,020



DIAMOND INFOSYSTEMS LIMITED

(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)

SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS		31-3-2010 Rs.		31-3-2009 Rs.
(A) CURRENT ASSETS				
(A-1) Sundry Debtors (Unsecured Considered Good)				
For more than 6 months	101,582,558		106,609,849	
Other	340,080,740		356,911,233	
Sundry Debtors -- Total		441,663,298		463,521,082
(A-2) Cash & Bank Balance				
Cash in Hand	25,209		2,300	
Bank Balance	1,344,339		1,769,017	
Fixed Deposit	300,000		300,000	
Cash & Bank Balance -- Total		1,669,548		2,071,317
(B) Loans & Advances (Unsecured Considered good)				
(B-1) Government Advances				
Income Tax	5,426,467		1,461,180	
Government Advances -- Total		5,426,467		1,461,180
(B-2) Corporate Advances				
Diamond E.H.V. Conductors	3,050		3,050	
Diamond Project (P).Ltd (L & A)	24,127		24,127	
Corporate Advances -- Total		27,177		27,177
(B-3) Other Advances				
Other Advances	1,871,844		13,490	
Other Advances -- Total		1,871,844		13,490
Loans & Advances -- Total		7,325,488		1,501,847
(C) Deposit				
(C-1) Sundry Deposits				
Lease Rent	1,500,000		1,500,000	
Other Deposits	21,408,449		21,411,200	
Sundry Deposits -- Total		22,908,449		22,911,200
Loans, Advances & Deposits -- Total		30,233,937		24,413,047
Current Assets, Loans & Advances --- Total		473,566,783		490,005,446



DIAMOND INFOSYSTEMS LIMITED

(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)

SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS

PARTICULARS		31-3-2010 Rs.		31-3-2009 Rs.
(A) CURRENT LIABILITIES				
(A-1) Sundry Creditors				
Creditors for Goods	392,150,998		419,447,357	
Sundry Creditors -- Total		392,150,998		419,447,357
(A-2) Creditors for Others				
Duties & Taxes Payable	5,605,715		5,259,228	
Creditors for Others -- Total		5,605,715		5,259,228
(A-3) Other Liabilities Payable				
Other Liabilities Payable	1,082,055		1,656,083	
Other Liabilities Payable -- Total		1,082,055		1,656,083
Current Liabilities -- Total		398,838,768		426,362,668
(B) PROVISIONS				
Provision for Taxation	6,600,000		3,200,000	
Provision for Expenses	136,615		87,000	
Provisions -- Total		6,736,615		3,287,000
Current Liabilities & Provisions -- Total		405,575,383		429,649,668



DIAMOND INFOSYSTEMS LIMITED
(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Schedule	2009-10 Rs.	2008-09 Rs.
INCOME			
Gross sales		2,286,418,888	2,013,642,826
Less: Excise Duty		-	-
Net Sales		2,286,418,888	2,013,642,826
Other Income	8	2,787,916	1,255,981
Total Income		2,289,206,804	2,014,898,807
EXPENDITURE			
Material Consumed	9	2,268,298,700	1,996,086,035
Direct Exp. (Freight/Manuf/Rep. & Maint./Site Exp.)	10	870,303	815,000
Employees' Emoluments	11	5,973,051	3,230,140
Administration Expense	12	1,020,914	813,614
Selling and Distribution Exp.	13	919,009	563,926
Total Expenditure		2,277,081,977	2,001,508,715
Profit before Interest and Dep.		12,124,827	13,390,092
Less: Finance Charges		49,132	183,359
Less: Depreciation		733,723	561,019
Interest and Dep.-Total		782,855	744,378
Profit(Loss) before Tax		11,341,971	12,645,714
Provision for Income tax		3,400,000	3,200,000
Provision for Fringe Benefit Tax		-	10,383
Total Tax Provisions		3,400,000	3,210,383
Profit after Tax		7,941,971	9,435,331
Balance Brought Forward from Previous year		5,572,534	-3,862,797
Balance Carried Forward to Balance Sheet		13,514,505	5,572,534

Accounting Policies and Notes Forming part of Accounts

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As per our report of even date
For VIJAY N. TEWAR & CO.
CHARTERED ACCOUNTANTS

VIJAY N. TEWAR
PROPRIETOR
Membership No. 040676
Place : BARODA
DATE : 02/09/2010



FOR & ON BEHALF OF THE BOARD

Shab-fo-pur
CHAIRMAN MD DIRECTORS

Place : BARODA
DATE : 02/09/2010

DIAMOND INFOSYSTEMS LIMITED
(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR 2009-10

SCHEDULE - 8 : OTHER INCOME

PARTICULARS	2009-10 Rs.	2008-09 Rs.
Provisions / Bad Debts Written Back/ Excess	1,453	-
Dividend Received	1,851,954	-
Income from Rent	816,000	1,224,000
Interest Received	29,063	29,011
Notice Pay Recovered	50,959	-
Other Income	38,487	2,970
Other Income -- Total	2,787,916	1,255,981

SCHEDULE - 9 : NET RAW MATERIAL CONSUMED

PARTICULARS	2009-10 Rs.	2008-09 Rs.
Opening Stock	-	-
Add: Purchases	2,268,298,700	1,996,086,035
Less: Closing Stock	-	-
Net Rawmaterial Consumed -- Total	2,268,298,700	1,996,086,035

SCHEDULE - 10 : DIRECT EXPENSES

PARTICULARS	2009-10 Rs.	2008-09 Rs.
Freight Inward	800,000	800,000
Internet Services(Exp.)	15,300	15,000
Domain and Space Booking Charges	55,003	-
Direct Expenses -- Total	870,303	815,000



DIAMOND INFOSYSTEMS LIMITED
(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR 2009-10

SCHEDULE - 11 : EMPLOYEES EMOULMENTS

PARTICULARS	2009-10 Rs.	2008-09 Rs.
Administration Charges (PF & EDLI)	25,483	14,116
Bonus	52,369	9,225
Co's Contribution to L.W.F	72	90
Co's Contribution to ESI	15,589	13,786
Co's Contribution to FPF	102,907	60,194
Co's Contribution to Prov. Fund	87,444	44,153
Conveyance Allowance	482,919	285,002
Education Allowance	474,239	262,889
Ex-Gratia	-	12,625
H. R. A.	640,997	371,542
Incentive	-	1,440
Leave Encashment	11,865	16,538
Livries	79,046	43,819
L. T. A.	632,317	350,519
Medical Allowance	456,887	220,845
Newspaper Allowance	79,248	43,618
Salary Expenses	2,016,227	1,281,530
Special Allowance	107,625	105,625
Fixed Allowance	361,342	-
Stipend	338,828	85,278
Staff Welfare Expense	7,647	7,306
Employees Emoulements -- Total	5,973,051	3,230,140



DIAMOND INFOSYSTEMS LIMITED
(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR 2009-10

SCHEDULE - 12 : ADMINISTRATIVE EXPENSES

PARTICULARS	2009-10 Rs.	2008-09 Rs.
Audit Fees	110,000	50,000
Advertiments Expenses	14,100	-
Books & Periodical Expenses	490	-
Consultancy Charges	13,000	12,000
Conveyance Expenses	60,880	46,876
Courier Charges	640	198
Donation Expenses	15,000	-
Electrical Expenses	-	625
Electricity Expenses	290,137	143,560
Legal and Professional Exp.	87,524	374,349
MEDICAL EXPENSE	-	1,473
Membership & Subscription	500	500
Miscellaneous Expense	1,343	1,838
Office Expenses	1,901	10,862
Postage & Telephone Expenses	105,582	50,951
Printing & Stationary Expenses	15,126	21,071
Recruitment Expenses	7,000	-
Lease Rent	48,000	-
Rent , Rates & Taxes	37,165	39,194
Repair and Maintenance (Others)	22,050	59,227
Repairs Building	5,530	890
Sales Tax Penalty	1,400	-
Professinal Tax	2,400	-
Tander Fees	2,000	-
Shortage Provisional For Income Tax(2008-09)	105,272	-
Sales Tax Exps.	73,874	-
Administrative Expenses -- Total	1,020,914	813,614



DIAMOND INFOSYSTEMS LIMITED
(FORMERLY KNOWN AS ENTERPRISE INTELLIGENT SYSTEMS LIMITED)
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR 2009-10

SCHEDULE - 13 : SELLING & DISTRIBUTION EXPENSES

PARTICULARS	2009-10 Rs.	2008-09 Rs.
Business Promotion Exp.	317	-
Carting Charges	860	400
Commission Exp.	40,900	-
Labour Charges	71,910	-
Discount On Sales	211,750	-
Freight Charges Paid	220	1,200
Sales Promotion Exp.	17,800	315,799
Insurance Expenses	5,361	-
Software Exp.	13,200	-
Travelling Exp.	423,684	187,336
Exhibition Exp.	-	12,530
Misc. Exp.	5	5
Training Expenses (Marketing)	133,002	46,656
Selling & Distribution Expenses -- Total	919,009	563,926



DIAMOND INFOSYSTEMS LTD

SCHEDULE 3

STATEMENT OF FIXED ASSETS AS ON 31ST MARCH 2010 AS COMPANIES ACT 1956.

P.Y. 2009-10

ASSETS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	OPENING BALANCE AS ON 1-4-2009	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	CLOSING BALANCE AS ON 31-3-2010	RATE OF DEPR.	DEPRECIATION DURING THE YEAR	DEDUCT ION	CLOSING BALANCE AS ON 31/03/10	CLOSING BALANCE AS ON 31/03/2010	CLOSING BALANCE AS ON 31/03/2009
EIS DIVISION	33,394,000.00	0.00	0.00	33,394,000.00	11.31	0.00	0.00	7,553,722.80	25,840,277.20	25,840,277.20
OFFICE EQUIPMENT	644,786.00	25,400.00	0.00	670,186.00	7.07	46,231	0.00	458,805.65	211,380.35	232,211.72
COMPUTERS	8,713,187.67	636,685.00	0.00	9,349,872.67	16.21	120,329.00	0.00	8,764,036.67	585,836.00	69,480.00
FURNITURE & FIXTURE	3,264,556.78	0.00	0.00	3,264,556.78	6.33	206,646.44	0.00	1,591,454.35	1,673,102.43	1,879,748.87
VEHICLES	183,350.00	1,319,273.00	0.00	1,502,623.00	9.50	62,837.00	0.00	246,187.00	1,256,436.00	0.00
BUILDING	4,206,807.12	0.00	0.00	4,206,807.12	3.34	140,507.36	0.00	1,299,405.31	2,907,401.81	3,047,909.17
ELECTRICAL INSTALLATION	543,533.00	0.00	0.00	543,533.00	4.75	25,817.82	0.00	242,548.67	300,984.33	326,802.15
CALL CENTRE ASSETS	1,107,599.00	0.00	0.00	1,107,599.00	7.07	78,307.25	0.00	486,051.75	621,547.25	699,854.50
SUB TOTAL	52,057,819.57	1,981,358.00	0.00	54,039,177.57		680,676.24	0.00	20,642,212.20	33,396,965.37	32,096,283.61
LEASE ASSETS										
BUILDING	136,000.00	0.00	0.00	136,000.00	3.34	4,542.40	0.00	58,501.66	77,498.34	82,040.74
COMPUTERS	65,000.00	0.00	0.00	65,000.00	16.21	0.00	0.00	65,000.00	0.00	0.00
EQUIPMENTS	686,062.00	0.00	0.00	686,062.00	7.07	48,504.58	0.00	600,587.73	85,474.27	133,978.85
SUB TOTAL	887,062.00	0.00	0.00	887,062.00		53,046.98	0.00	724,089.39	162,972.61	216,019.59
GRAND TOTAL	52,944,881.57	1,981,358.00	0.00	54,926,239.57		733,723.22	0.00	21,366,301.59	33,559,937.98	32,312,303.20
PREVIOUS YEAR	52,867,131.57	77,750.00	0.00	52,944,881.57		561,019.22	0.00	20,632,578.37	32,312,303.20	32,795,572.42

NOTE: Depreciation is not charged on Intangible assets during the year as per instruction of management



New Additions 09-10		OFFICE EQUIPMENT	
Supplier Name	PC CARE SOLUTION		
Item	CANON LASER LBP 3300		
DATE OF PURCHASE	21/11/2009		
Value:	16150	Dep. Rate :	7.07%
	3		
Month	Days		
Nov-09	10		
Dec-09	31		
Jan-10	31		
Feb-10	28		
Mar-10	31		
TOTAL DAYS	131		
FOR THE YEAR DEF.	1142	(16150*7.07%)	
131 DAYS DEP.	410	(1142*131/365)	

New Additions 09-10		OFFICE EQUIPMENT	
Supplier Name	GAYATRI ENTERPRISE		
Item	EPSON LO-300+II		
DATE OF PURCHASE	21/11/2009		
Value :	9250	Dep. Rate :	7.07%
Month	Days		
Nov-09	10		
Dec-09	31		
Jan-10	31		
Feb-10	28		
Mar-10	31		
TOTAL DAYS	131		
FOR THE YEAR DEF	654	(9250*7.07%)	
131 DAYS DEP.	235	(654*131/365)	

New Additions 09-10		COMPUTERS	
Supplier Name	RHYTHM ELECTRONICS		
Item	DELL INSPIRON M 1530 M 1530 LAPTOP		
DATE OF PURCHASE	30/04/2009		
Value :	58000	Dep. Rate :	16.21%
Month	Days		
Nov-09	30	Apr-09	1
Dec-09	31	May-09	31
Jan-10	31	Jun-09	30
Feb-10	28	Jul-09	31
Mar-10	31	Aug-09	31
TOTAL DAYS	336	Sep-09	30
FOR THE YEAR DEF.	9402	Oct-09	31
336 DAYS DEP.	8655		185
		(58000*16.21%)	
		(9402*336/365)	

New Additions 09-10		COMPUTERS	
Supplier Name	GLOBAL INFONET DISTRIBUTION PVT LTD		
Item	DELL VOSTRO 1510 LAPTOP		
DATE OF PURCHASE	07/05/2009		
Value :	211050	QTY.6	Dep. Rate : 16.21%
Month	Days		
Nov-09	30	Apr-09	25
Dec-09	31	May-09	30
Jan-10	31	Jun-09	31
Feb-10	28	Jul-09	31
Mar-10	31	Aug-09	30
TOTAL DAYS	329	Sep-09	31
FOR THE YEAR DEF	34211	Oct-09	30
329 DAYS DEP.	30837		178
		(211050*16.21%)	
		(34211*329/365)	



New Additions 09-10

COMPUTERS

Supplier Name GLOBAL INFONET DISTRIBUTION PVT LTD
 Item DELL VOSTRO 1410 LAPTOP

DATE OF PURCHASE 17/11/2009
 Value: 128096 QTY.4 Dep. Rate : 16.21%

Month	Days.
Nov-09	14
Dec-09	31
Jan-10	31
Feb-10	28
Mar-10	31

TOTAL DAYS 135
 FOR THE YEAR DEF 20764 (128096*16.21%)
 135 DAYS DEP. 7680 (20764*135/365)

New Additions 09-10

COMPUTERS

Supplier Name DELL INDIA PVT LTD
 Item DELL LATITUDE E 5400

DATE OF PURCHASE 30/12/2009
 Value : 60858 QTY.1 Dep. Rate : 16.21%

Month	Days.
Nov-09	
Dec-09	2
Jan-10	31
Feb-10	28
Mar-10	31

TOTAL DAYS 92
 FOR THE YEAR DEF 9865 (60858*16.21%)
 92 DAYS DEP. 2487 (9865*92/365)

New Additions 09-10

COMPUTERS

Supplier Name DELL INDIA PVT LTD
 Item DELL VOSTRO 1520 LAPTOP

DATE OF PURCHASE 17/03/2010
 Value : 178681 QTY.5 Dep. Rate : 16.21%

Month	Days.
Mar-10	15

TOTAL DAYS 15
 FOR THE YEAR DEF. 28964 (178681*16.21%)
 15 DAYS DEP. 1190 (28964*15/365)

New Additions 09-10

VEHICLES

Supplier Name AMAR CARS PVT LTD
 Item WAGHON R

DATE OF PURCHA 30/09/2009

Value : 401186

RATE OF DEP. 9.5

Month	Days.
Sep-09	1
Oct-09	31
Nov-09	30
Dec-09	31
Jan-10	31
Feb-10	28
Mar-10	31
TOTAL DAYS	183

FOR THE YEAR DEF 125331 (1319273*9.5%)
 15 DAYS DEP. 62837 (125331*183/365)



SCHEDULE- 14 ANNEXED TO AND FORMING PART OF THE ACCOUNTS.

SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

A. Statement of significant accounting policies:

1. Method of Accounting: The Financial statements are prepared as a going concern under historical cost convention on an accrual basis except those with significant uncertainty and in accordance with the companies Act, 1956. Accounting policies not stated explicitly otherwise are consistent with generally accepted.
2. Revenue Recognition: Sales includes revenue generated from sale of Software, Hardware Products, sale of scrap, sales of outsource products, sales tax and service income from membership & subscription of domain and space booking.
3. Fixed Assents: Fixed Assets are stated at cost (inclusive of leased assets) less accumulated Depreciation. Expenditure included on improvement or replacement, which in the opinion of the management is likely to substantially increase the life of assets and future benefits from it, is capitalized.
4. Depreciation: Depreciation is charged on Straight Line basis at rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition/Deletion or Discarded Fixed Assets during the year is charged on monthly pro rata basis..
5. Investment: Our Investments are Long Term investment and nature of investments are coated shares of ltd. Company, valued at cost..
6. Inventories: The inventories of outsourced products are valued at cost or net realizable value whichever is lower on FIFO method.
7. Retirement Benefits: Contribution to provident fund is accounted on actual liability basis. Liabilities on gratuity and Leave Encashment are booked on cash basis.
8. Miscellaneous Expenditure: Preliminary and share issue expenses including fee for increase in authorized capital are written-off at the amounts as admissible under income tax Act, 1961.
9. Foreign Currency Conversion: Foreign Currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Assets and Liabilities related to foreign currency transactions remaining unsettled are valued at the exchange rate in operation at the year end. The exchange difference arising on foreign currency transactions are recognized in the Profit and Loss Account.
10. Income Tax: Provision for current Income Tax is made after considering company's claims under the Income Tax Act; 1961. This liability is calculated at the applicable tax rate on MAT u/s 115JB of the IT Act, 1961 as the case may be.



11. Impairment of Assets: An asset is treated as impaired when the carrying-cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

B. Contingent Liabilities and Notes:

2. Contingent Liabilities:

- (a) Contingent Liabilities of the Company at the end of the year is Nil, (Previous Year Nil) as Company had not enjoyed any Letter Of Credit/ Bank Guarantee facility of any commercial/ Financial Institution nor any civil/criminal case is pending against company.

2. Notes to Accounts:

(a) Share Capital:

Company has received share application money amounting Rs.1,61,17,500.00 and shares are still to be allotted

- (b) Balances of sundry debtors, creditors and loans and advances, unsecured loans are unconfirmed and subject to reconciliation wherever necessary.
- (c) In the opinion of the management, all the current assets, Loans and advances and deposits are realizable at value stated in the ordinary course of the business which are at least equal to the amount at which they are stated in the books unless otherwise explicit.
- (d) There are no small scale industrial units which has supplied the material to the company and the owes a sum exceeding Rs. 1 Lac and which is outstanding to more then 30 days.
- (e) Aggregate director's remuneration Rs.0.12 lacs (previous year Rs.0.12 lacs). The remuneration of directors are as per the approval accorded by remuneration committee, shareholder and central Government as per the previous of section 311 read with Schedule XIII of the Companies act,1956.
- (f) Aggregate auditor remuneration is fixed which includes Audit fees Rs.75,000/- (previous year Rs. 50,000/-) Tax Audit Fees Rs 35,000/- (Previous year Rs 25,000/-),
- (g) Previous year figures are regrouped /reclassified to make them comparable with the current year.
- (h) Though Company is liable to make provision for Deferred Tax Liabilities, but the company has not provided for Deferred Tax Liabilities. To that extent AS 22 is not complied.



(i) Segment reporting:

I.T. Business	Outsource Activities	Total Rs.
14583458	2271835430	2286418888

The Company operates business of i.e. "I.T. business" & out source business", the activities of the business are inter connected / inter mix, it is not possible to directly attribute or allocate on a reasonable basis the expenses / assets and liabilities to these segments. As per requirement of Accounting Standard (AS) 17-"Segment Reporting" issued by the Institute of Chartered Accountants of India.

(l) Earning per share (EPS), the numerators and denominators used to calculate basic & diluted Earning per share.

Particulars		31/03/2010	31/03/2009
Profit/(Loss) attributable to the shareholders (Rs.in lacs)			
- After exceptional item	A	7941972.00	9435331.00
- Before exceptional item	B	7941972.00	9435331.00
Basic/Weighted average number of Equity shares outstanding during the year	C	58,85,000	58,85,000
Nominal value of Equity Shares (Rs.)		10	10
Basic /Diluted Earning per Share (Rs.)			
- After exceptional item	A/C	1.35	1.60
- Before exceptional item	B/C	1.35	1.60

(j) Related Party Disclosures

Particulars	Associate	Key Mgt. Personal	Relative of key Mgt. personnel	Enterprise under significant Mgt personnel or their relatives	(Rs.in Lacs)
					TOTAL
Purchase / (Sale of goods)	22605.60/(22745.48)	Nil	Nil	Nil	(139.88)
Receipt / rendering services	(12.00)	Nil	Nil	Nil	(12.00)
Rent Received	(6.12)	Nil	Nil	Nil	(6.12)
Given Consultancy fees	Nil	0.12	Nil	Nil	0.12
Outstanding Payable (Net) as on 31.3.2010	3195.97	-	-	-	3195.94



Name of Related parties:

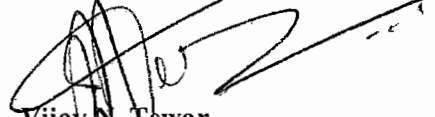
1. Associate : Diamond Power Infrastructure Ltd, Diamond Projects Pvt. Ltd., Diamond Power Transformer Ltd
2. Key Management Personnel :
Mr. S.N. Bhatnagar (Chairman)
Mr. Amit Suresh (M.D)
Mr. Sumit Suresh (J.M.D)S
3. Relatives of key Managerial personal :
None

(k) Expenditure in Foreign Currency:

Particulars	2009-10	2008-09
Import on CIF Basis	0.00	0.00
Travelling Expenses	0.00	0.00
Others	0.00	0.00

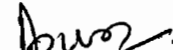
SIGNATURES TO THE SCHEDULES A TO K

As per our report of even date
For Vijay N. Tewar & Co.
Chartered Accountants,


Vijay N. Tewar
Proprietor
Membership No.: 040676

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS


Chairman


MD


Directors

Place: Baroda
Date: 02/09/2010

