



DIAMOND
INFOSYSTEMS
LIMITED

ANNUAL REPORT

2011-12

DIAMOND

INFOSYSTEMS



FROM THE CHAIRMAN'S DESK

“Without being attached to the fruits of activities, one should act as a matter of duty, for by working without attachment one attains the Supreme”...

Bhagvad Gita

It gives me immense pleasure and opportunity to present to our esteemed stakeholders the Annual Financial Results and Corporate Social Responsibility (CSR) Report of Diinsy. To achieve long-term success, we know that we must ensure that our business operates within a moral and sustainable manner. With urbanization and industrialization taking place at jet speed, Diinsy growing day by day by ensuring the best quality to its stakeholders.

Today, the market shows lots of metamorphosis due to global scenario, we believe in the strong customers confidence in us. It is important to remember that our efforts and energies need to be focused on what we can do for our stakeholders.

Our employees are the most valuable intangible assets of our company which contribute to achieve the organizational goals as well as the social responsibilities of the company. We value our assets and their loyalty, talent and dedication towards our company can best be rewarded by providing them a better work environment and incentive to work and by treating them with respect, diversity and dignity.

I am proud of Diinsy for:

- *The Brand value and Business Ethics.*
- *The quality of products and services your Company is offering to the customers*
- *The opportunities we provide our employees &*
- *Our efforts to address the challenges our society and planet are facing.*

I know we still have a long way to go but I can assure you that we will never stop working to be better tomorrow than what we are today.

S N Bhatnagar
Chairman

PROFILE OF DIRECTORS



Shri S N Bhatnagar
Chairman

Shri S. N. Bhatnagar is the Director in our Company since March 1993.

Shri Bhatnagar is a Mechanical Engineer by qualification. He joined Jaipur Metals and Electrical Limited (Kamani group companies) in 1964. During his tenure he has worked on many significant positions and was instrumental in developing groove contact wires, machineries and process, for the first time in the country.

Shri Bhatnagar went an extra mile by serving as the President of Cable and Conductor Manufacturers Association of Gujarat for 20 years. He was also a member of ETDC – 37 the committee which framed the specification in Bureau of Indian Standards. Shri Bhatnagar has also received the 'Udyog Jyoti' and 'Udyog Patra' awards in 1984-2001 from the Government of India.



Shri Amit Bhatnagar
Vice- Chairman

Shri Amit Bhatnagar is the Director of our Company since March 1993. He holds a Bachelor's degree in Industrial Engineering (gold medalist) from Saurashtra University and MBA in Finance & MOP with a gold medal from the Asian Institute of Management, Manila.

Shri Bhatnagar has over 19 years of experience in marketing of electrical products. He also has a varied experience in the power equipment industry, which includes business-to-business selling via the dealer and industrial marketing route. His association with the company for over a decade now has acted as a boon and has helped the company to climb up the success ladder.



Shri Sumit Bhatnagar
Managing Director

Dr. Sumit Bhatnagar is the Managing Director of our Company since March 1993. He has pursued BE in Electronics from Pune University and also holds an Hon. Doctorate in Business Management, MBA in international finance from Swinburne University, Melbourne, Australia with chancellor's medal and scholarship for obtaining highest grades in his course. He is also a certified ERP Professional for Microsoft, Oracle & SAP.

Shri Sumit Bhatnagar has more than 15 years of experience in Business Process Analysis, re-engineering, System Study like ERP, ISO 9002, developing in-house internal audit system and putting in place the MIS for decision making and control. He has also been associated in the development of software solutions for electrical industry. Shri Bhatnagar's expertise in Information Technology has been instrumental in the success and growth of Diamond Infosystems Limited.



Shri Prakash Sinha
Independent Director

Shri Prakash Sinha an engineer by qualification who has represented Usha Martin Group of Companies as a member of top management team for a period of 40 years. He has been associated with our company for a decade now and his guidance and support has helped your company to reach new horizons.



Shri G N Verma
Independent Director

Shri G N Verma was a leading advocate of Rajasthan High Court with an experience of over 50 years. He adds to the legal knowledge of the Board and facilitates finer position on legal matters. His long association with your company has proved to be very fruitful for its growth and success.



Shri N N Bhatnagar
Independent Director

Shri Namo Bhatnagar holds a bachelor's degree in science and a master's in science (Botany), from Jivaji University, Gwalior and post graduate diploma in international trade and marketing from Punjab University. Shri Bhatnagar has 35 years of experience with India Trade Promotion Organisation, Ministry of Commerce and is an expert in country profiling, project report on market analysis, international trade requirement analysis for different countries with India and inter country protocol management.



Shri Triloki Bhatnagar
Independent Director

Shri Triloki Bhatnagar is associated with our company for a decade now and his association has indeed proved to be very fruitful for the growth and progress of the Company. His vast knowledge in the field of Information Technology has helped Diinsy venture out into new areas of the market.

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Diamond Infosystems Limited will be held at Essen Info Park 5/9-10 BIDC Gorwa, Baroda- 390 016 Gujarat, India on Saturday, 29th September, 2012 at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the annual accounts for the year ended on 31st March, 2012 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prakash Sinha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. G N Verma, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Auditors of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Vijay N Tewar & Co., Chartered Accountants, Vadodara, be and are hereby appointed as the Auditor of the Company, to hold office from the conclusion of this Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

Notes:

1. A member entitled to attend and vote in the meeting is also entitled to appoint a proxy to attend and vote on his/her behalf. Proxy need not be a member.
2. Proxy instrument should be duly completed, stamped, signed and must be deposited at the corporate office of the Company not less than 48 hours before the commencement of the meeting.
3. No person shall be entitled to attend or vote at the meeting as a duly authorized representative of a Company or any corporate which is a shareholder of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Registered Office of the Company not less than 48 hours before the date of the Annual General Meeting.
4. Pursuant Section 154 of the Companies Act, 1956 Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2012 to 29th September, 2012 (both Days being inclusive).

5. The Members are requested to make correspondence for any matters relating to Transfer or Dematerialization of Shares, changes in their addresses or bank details, names of the holders with our Registrar and Transfer Agent (R & TA) M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500081.
6. Information required under Clause 49 IV G of the Listing Agreement (relating to Corporate Governance) with respect to the Director being appointed and Directors retiring by rotation and being eligible seeking re-appointment is as under:

Name of the Director	Shri Prakash Sinha*
Position	Non- Executive Director
Profile	Mr. Prakash Sinha is an engineer who has represented Usha Martin Group of Companies as a member of top management team for a period of 40 years. He has been associated with our company for a decade now and his guidance and support has helped your company to reach new horizons.
Date of Joining	29 th April, 2002

Name of the Director	Shri G N Verma *
Position	Non- Executive Director
Profile	Shri G N Verma was a leading advocate of Rajasthan High Court with an experience of over 50 years. He adds to the legal knowledge of the Board and facilitates finer position on legal matters. His long association with your company has proved to be very fruitful for its growth and success.
Date of Joining	7 th January, 1995

* Above details are as per the records available as on 31st March, 2012

The Board of Directors recommended the re-appointment of Mr. Prakash Sinha and Mr. G N Verma. Except these directors, none of the directors are concerned or interested in their re-appointment.

By Order of the Board,

Date: 14th August, 2012
Place: Vadodara

S N Bhatnagar
(Chairman)

DIRECTORS' REPORT

To the Members,

Our Directors are pleased to present the Nineteenth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2012.

RESULT OF OUR OPERATIONS

(Rs. In Lacs)

PARTICULARS	2011- 2012 (Rs.)	2010-2011 (Rs.)
Gross Total Income	41951.66	31416.18
Gross Total Expenditure	41562.85	31274.55
PROFIT/(LOSS) BEFORE INTEREST, DEPRECIATION, TAX AND AMORTIZATION	388.81	141.63
(Less): Depreciation & Amortization	3.99	0.77
(Less): Finance charges	8.21	7.95
PROFIT BEFORE TAXATION/ DEFERRED TAX	376.61	132.91
(Less): Provision For Taxation	111.87	34.01
(Less): Fringe Benefit Tax	-	-
NET PROFIT/ (LOSS) FOR THE YEAR	264.74	98.90
Balance Brought Forward from Previous year	-	-
BALANCE CARRIED FORWARD TO BALANCE SHEET	264.74	98.90
Earning Per Share	4.50	1.68

DEPOSITS

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

REVOCAION OF SUSPENSION OF LISTING

It gives us immense pleasure to inform our valued and loyal shareholders that your Company's scrip which was suspended by Bombay Stock Exchange (BSE) in 2002 due to penal provisions is re-listed on the Bombay Stock Exchange again.

CURRENT OPERATIONS

"In today's rapidly changing business scenario, information is the power to propel ahead."

Today with the advancement of science and technology, information is growing not merely by bytes but by terabytes and dealing with such voluminous information is a huge challenge for businesses to make quick and speedy decisions.

Diamond Infosystems Limited, a group company of Diamond Power, is amongst the fastest upcoming and growing services, BPO and Product Engineering companies.

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

1. IMG Division (Infrastructure Management Group)

Under the IMG Division Diamond Infosystems has a wide array of products and services to offer under the following heads:-

System Integration

Hardware sales & services

DIL offers a large and varied set of product sales and services including a full range of hardware solutions from entry level PCs/Notebooks to high-end servers for the needs of Corporate, Small Business and Home customers. We also provide/sell various hardware devices from various business alliances like DELL, HCL, Intel, HP, IBM, Toshiba to name a few.

Network Integration

Our Network Integration solutions and services ensure that your communication networks deliver the performance your business relies on. Our Network Integration solutions and services ensure that your communication networks deliver the performance your business relies on.

Peripheral Sales & Services

DIL also provides peripheral sales and services from various partners with competitive market rates and enables quick after sales service.

System Maintenance & Upgradation

DIL has a very prompt customer helpdesk for quick reporting and on-phone guidance. It is also equipped with latest debugging tools & equipment.

Web Solutions

Diamond Infosystems is helping companies leapfrog into the future by creating a strong web presence. Our web solutions are helping turn 9 to 5 business operations into 24*7 revenue generating machines. Our web services and solutions include:-

Domain Registration

Domain names from DIL give you a complete web presence. Registering your domain names with DIL ensures you great customer service, the best pricing along with a host of other features.

Website Hosting

We are one of the most competitive web service providers offering host of services for building your web presence. We specialize in composite, managed servers, dedicated servers, dedicated hosting, virtual private servers (VPS hosting), ASP.NET and LAMP web hosting solutions. We provide hosting solution for both Windows and Linux platform both.

Website Designing

Diamond Infosystems specializes in highest quality interactive websites, logos, and templates as well as ecommerce website design and also specializes in Website User Interface, Website Re-design, Web 2.0 based Layout Designing, HTML/CSS, DIV/CSS (Table less Designs) and JS/DHTML.

E-Commerce Development

DIL focuses on custom Ecommerce solutions & custom web site development that fit your business challenges. Our Ecommerce initiatives improve sales performances, customer satisfaction and marketing initiatives undertaken by a company.

Applications

IT Enabled Services

Networking Management 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.

- Microsoft Dynamics CRM

Diamond Infosystems Ltd offers you the benefit of working with the most experienced Microsoft Dynamics CRM implementation team in the world. Our Microsoft Dynamics CRM team members have on average more than eight years of product experience.

2. AMG Division (Application Management Group)

We offer the following services under our AGM division:-

Enterprise Resource Planning (ERP)

Based on the experience and expertise gained on implementation and maintenance of SAP, R/3 and ERP package; now the Company is equipped to take scale assignments 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.

Microsoft Dynamics NAV

Diamond Infosystems offers you the benefit of working with one of the most experienced Microsoft Dynamics NAV implementation team which possesses more than eight years of product experience. They are experts at devising back-end financial, supply chain management, and e-commerce solutions for manufacturing and distribution environments.

SAP Business One

SAP has designed SAP Business One, a business management software application, specifically for small and midsize businesses (SMBs) which are used by over 10,000 customers today. It is an affordable, easy-to-use way to manage critical business functions across sales, distribution, and financials. Diamond Infosystems offers SAP Business One, which has enabled owners to increase profitability and achieve new levels of control.

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 is grim thus it is very important for us to sustain and venture into new and better areas within the IT industry to survive and make the entity profitable. As a measure of the same, it gives us immense pleasure to inform you that Diamond Infosystems Limited would be soon opening an office in Dubai followed by South Africa and New Zealand to manage its business operations abroad.

FIXED DEPOSITS

The company has not accepted any deposits from public during the year under review to which provisions of Section 58A of the Companies (Acceptance of Deposits) Rules, 1975 as amended is applicable.

INSURANCE

All the insurable interests of our Company including inventories, buildings and liabilities under legislative enactments are adequately insured.

PERSONNEL

“Growth is never by mere chance, it is the result of forces working together.”

The employees of your company being firm believers of the cited quotation with their loyalty, dedication and hardwork have nurtured Diamond Infosystems Limited resulting to what it is today. Due to the trained and qualified personnel, we are uniquely positioned to offer superior and distinctive services to our clients.

QUALITY CONTROL

Your company's mission is to cater to the needs of its clients by providing high quality services which would strengthen the customer loyalty. In terms of quality, the Company is certified by ISO 9001-2008 which acts as a benchmark to the Company ensuring continued high quality services enabling customer satisfaction.

DIRECTORS

In accordance with the Companies Act, 1956 and the Articles of Association of the Company Shri G N Verma and Shri Prakash Sinha retires by rotation at the ensuing annual general meeting. However, they are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

- (i) Your Directors have followed the applicable accounting standards along with 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 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 holds office until the conclusion of the ensuing Annual General Meeting and is recommended for re-appointment. Certificate from the Auditors has been received to the effect that their reappointment if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

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.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their gratefulness to SEBI, Bombay Stock Exchange, Government Authorities, Bankers, Employees & its Shareholders for their continued support and co-operation.

FOR AND ON BEHALF OF THE BOARD

Place: Vadodara

Date: 14th August, 2012

Chairman

CORPORATE GOVERNANCE REPORT

Good corporate governance in Diamond Infosystems Limited is not only about being a one-stop IT and business consulting solution provider to its clients but also to focus on strengthening the wealth for all its stakeholders without compromising on the social obligations, environment and regulatory compliances by adhering to the highest levels of ethical business practices.

Diamond being a responsible corporate citizen has established various programs and systems to ensure the company is managed to suit the best interest of all the stakeholders. In addition to this, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreement of the Companies Act, 1956 with the Stock Exchange, which are given below:

BOARD OF DIRECTORS

Composition

The Board of Directors comprises 7 directors, out of which 6 directors are non-executive directors. The Managing Director is the only executive director. Two third of the directors are the Independent Directors, i.e., independent of the management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. The directors collectively bring to the Board a wide range of experience and skills from 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. However, 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 30.09.2011	No. of other Directorship		No. of other Board Committees	
		Held	Attended		Member	Chairman	Member	Chairman
S N Bhatnagar	Chairman	7	7	Yes	4	4	-	-
Amit Bhatnagar	Vice - Chairman	7	7	Yes	7	-	-	-

Sumit Bhatnagar	Managing Director	7	7	Yes	6	-	-	-
Gajendra Verma	NE/ Director	7	7	Yes	-	-	1	1
Prakash Sinha	NE/ Director	7	6	Yes	-	-	1	1
Namo Bhatnagar	NE/ Director	7	5	Yes	-	-	-	-
Triloki Bhatnagar	NE/ Director	7	7	Yes	-	-	2	-

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

Seven Board Meetings were held during the year under review on 15.04.2011, 15.07.2011, 11.08.2011, 9.11.2011, 1.12.2011, 10.12.2011 and 13.02.2012. 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.

CODE OF CONDUCT

The Board has laid down separate Code of Conduct for Directors and Senior Management personnel of the Company and the same is posted on the Company's website www.diinsy.com. The Board and Senior Management personnel have affirmed compliance with the Code of Conduct.

As required under Clause V of Clause 49 of the Listing Agreement with the stock exchange, the Managing Director has certified to the Board the financial statements for the year ended 31st March, 2012. He further declared that all the board members and senior personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2012.

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	4
2	Shri Triloki Bhatnagar	Independent Director	Member	4	4
3	Shri G N Verma	Independent Director	Member	4	4

Shri Prakash Sinha, Chairman of the Audit Committee has Accounting and financial expertise and all the members of the Audit Committee are financially literate.

Four Audit Committee Meetings were held during the year under review on 15.04.2011, 11.08.2011, 10.12.2011 and 13.02.2012.

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.

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

- Compliance with stock exchange and legal requirement concerning financial statements.
- Review with management, external and internal auditors, the adequacy of internal control systems, significant findings and follow up thereon.
- Review the company's financial and risk management policies.
- Look into the reason for substantial defaults, if any, in payment to the depositors, debenture holders and creditors, if any.

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.

INVESTOR'S GRIEVANCES COMMITTEE/ SHAREHOLDERS COMMITTEE

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

Redressing of shareholders and investors complaints;

To review status of legal cases involving the investors where the Company has been made a party.

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	No of Meeting	
				Held	Attended
1	Shri G N Verma	Chairman	Independent Director	4	4
2	Shri Prakash Sinha	Member	Independent Director	4	4
3	Shri Triloki Bhatnagar	Member	Independent Director	4	4

Four Investor Grievance Committee Meetings were held during the year under review on 15.04.2011, 11.08.2011, 10.12.2011 and 13.02.2012.

Remuneration Policy

Non-Executive Independent Directors

Being the promoters, the Chairman, Vice-Chairman and Managing Director are not paid any remuneration. The Non-Executive Directors (NEDs) excluding Chairman, Vice-Chairman and Managing Director are paid remuneration by way of sitting fees only. The Board of Directors of the Company, pursuant to the relevant provisions of the Companies Act, 1956 and by virtue of Article No. 132 (3) of the Articles of Association of the Company, pays Rs. 5,000 towards sitting fees per each board meeting with effect from 9th November, 2011.

Further Non-Executive Independent Directors are also entitled for out of pocket expenses which include travelling and accommodation charges which are shown in other allowances as above are not forming part of Directors' Remuneration.

Amount stated above is sum total of all the remuneration including out of pocket expenses.

For each Audit Committee and Investors' Grievance Committee the fees paid to Non – Executive Independent Directors is Rs. 5,000 per meeting.

Management Staff

Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his annual performance etc.

ANNUAL GENERAL MEETINGS:

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

Sr. No	AGM Particulars & Date	Venue	Time	Special Resolution passed in the AGM
1	18 th Annual General Meeting (2010-11) held on 30/09/2011	Registered Office	04:00 P.M.	-
2	17 th Annual General Meeting (2009-10) held on 29/09/2010	Registered Office	04:00 P.M.	-
3	16 th Annual General Meeting (2008 - 09) held on 29/09/2009	Registered Office	04:00 P.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.

There are no matters pertaining to non-compliance by the company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company strongly believes in Corporate Governance and advocates Whistle Blower policy, affirmation is hereby given that no personnel has been denied access to the audit committee.

MEANS OF COMMUNICATION:

Your company uses several modes of communication with its external stakeholders by means of 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. Shareholders can also visit the Company's website www.diinsy.com for all the latest updates.

GENERAL SHAREHOLDER INFORMATION:

i. 19th Annual General Meeting:

Date: 29th September, 2012

Time: 11:00 A.M.

Venue: Registered Office of the Company

ESSEN Info Park5/9-10 BIDD Gorwa

Vadodara -390016

Gujarat

ii. Financial Year: Commencing from 1st April, 2011 to 31st March, 2012

iii. Date of Book Closure: 21st September, 2012 to 29th September, 2012 (both days inclusive)

iv. Listed on:

- The Bombay Stock Exchange Limited, Mumbai

The Listing Fees to Bombay Stock Exchange Ltd. has already been paid for the year 2012-13

v. Stock Code:

BSE :- 530801

vi. Registrar and Share Transfer Agent:

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

vii. Share Transfer System:

Share Transfers in physical form can be lodged with Karvy Computershare Private Limited, Independent Share Transfer Agent, at the abovementioned address. Transfers are normally processed within 30 days from the date of receipt. If the documents are complete in all respects, Shri Sumit Bhatnagar, Managing Director is empowered to approve transfers, in addition to the powers with the Members of the Investors' Grievance Committee.

Details of investors' complaints received during 1st April, 2011 to 31st March, 2012 are as follows:

Sr. No.	Nature of Complaint*	Received	Disposed	Pending	Remarks
1	Non- receipt of dividend warrant	0	0	0	--
2	Excess/ Short payment of Dividend Warrant	0	0	0	--
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	--

* Information is based on reports prepared by the share transfer agent.

viii. Shareholding Pattern and Distribution of Shareholding

Shareholding pattern

Category	No. of holders	Total Shares	% to Equity
Resident Individuals	253	2505405	42.572727%
Promoters Corporate Bodies	2	2476745	42.085726%
Unit Trust of India	1	725000	12.319456%
Directors	1	175750	2.986406%
H U F	1	1200	0.020391%
Body Corporate	2	900	0.015293%
Total	260	5885000	100.00 %

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Distribution Schedule - Consolidated as on 31/03/2012

Sr. no.	Category	Cases	% of Cases	Total shares	Amount	% Amount
1	1-5000	206	79.230766	39800	398000	0.676296%
2	5001- 10000	27	10.384616	22400	224000	0.380629%
3	10001- 20000	8	3.076923	10500	105000	0.178420%
4	20001- 30000	1	0.384615	2100	21000	0.035684%
5	40001- 50000	3	1.153846	13314	133140	0.226236%
6	50001- 100000	2	0.769231	12610	126100	0.214274%
7	100001& Above	13	5.000000	5784276	57842760	98.288462%
	Total:	206	100	5885000	58850000	100.00%

The Shareholders are requested to follow exact ISIN for the purpose of dealing in the respected securities. Presently the Equity Shares of the Company are held in electronic and physical mode. The status of Equity Shares of the Company as of March 31, 2012 is as follows:

Particulars	Number of Shares	% of total Equity Share
Physical	1033824	17.57
Electronic	4851176	82.43
Total	5885000	100

Name, designation & address of Contact Person:

Shri Nishant Javlekar

Manager- Legal

Diamond Infosystems Limited,

“ESSEN House

5/9-10 BIDC Gorwa

Vadodara -390016

Phone: 91-265-2284328, 2283969

Fax : 91-265-2280528

E-mail: cs@dicabs.com

Other Shareholder Information

Corporate Identity Number (CIN)

The CIN allotted to the Company by the Ministry of Corporate Affairs, Government of India is L24110GJ1993PLC019094.

Shares held in electronic form

Members holding shares in electronic form please note that:-

Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these Depositories to the Company.

Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.

Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

The Company provides NECS facilities for shares held in electronic form and Members are urged to avail of this facility.

Bank Details

Members holding shares in physical form are requested to notify/send the following to Share transfer Agent to facilitate better servicing:-

- i) Any change in their address/mandate/bank details, and
- ii) Particulars of the bank in which they wish their dividend to be credited, in case they have not been furnished earlier.

Members are advised that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares held in physical form and in electronic form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

Depository Services

Members may write to the respective Depository or to Share Transfer Agent for guidance on depository services. Address for correspondence with the Depositories is as follows:

National Securities Depository Limited
Trade World, 4th Floor
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Tel: 022-2499 4200
Fax: 022-2497 6351
e-mail: info@nsdl.co.in
website: www.nsdl.co.in

Central Depository Services (India) Limited
PhirozeJeejeebhoy Towers
17th Floor, Dalal Street
Mumbai 400 023
Tel : 022-2272 3333
Fax : 022-2272 3199
e-mail : investor@cdslindia.com
website : www.cdslindia.com

Nomination Facility

Pursuant to the provisions of Section 109A of Act, Members are entitled to make nominations in respect of shares held by them. Members holding shares in physical form and intending to make/change the nomination in respect of their shares in the Company may submit their requests in Form No. 2B to Share Transfer Agent. Members holding shares in electronic form are requested to give the nomination request to their respective DPs directly.

Reconciliation of Share Capital Audit

As stipulated by SEBI, M/s. K H & Associates., Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange as well as placed before the Board of Directors. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

For and On Behalf of the Board of Directors

Date: 14th August, 2012

Place: Vadodara

(S N Bhatnagar)
Chairman



DIAMOND
INFOSYSTEMS

AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

The Members,

DIAMOND INFOSYSTEMS LIMITED

We have examined the compliance of conditions of Corporate Governance by Diamond Infosystems Limited, Vadodara for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange.

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 implementations thereof adopted by the company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and 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 state that no Investors' grievances are pending for a period exceeding one month against Company as per records maintained by the Company.

We further state the 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 Vijay N. Tewar & Co.

(Chartered Accountants)

Place: Vadodara

(Vijay N. Tewar)

Date: 14th August, 2012

Proprietor

Membership No.40676

CEO/CFO CERTIFICATION

To,

The Board of Directors,

Diamond Infosystems Limited

Vadodara

We, Sumit Bhatnagar, Managing Director and Amit Bhatnagar, Director of Diamond Infosystems to the best of our knowledge and belief, certify that –

1. We have reviewed the Balance Sheet and Profit and Loss account, including all the schedules and notes on accounts, as well as the Director's Report.

2. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; that the 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.

2. There are no fraudulent or illegal transactions violative of the Company's Code of Conduct and Ethics.

3. For the purpose of financial reporting, we accept the responsibility for establishing and maintaining the internal controls which are monitored by the Company's Internal Audit Team and have evaluated based on feedbacks received from the Company's Internal Audit Team, the effectiveness of the internal control systems of the Company pertaining to financial reporting and have reported to the auditor, the deficiencies, if any, in the operation and design of such internal controls.

4. We have indicated to the Auditor:

(i) Significant changes, if any in the internal controls over financial reporting during the year;

(ii) Significant changes, if any in the accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and

(iii) Instances of any significant fraud, if any of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Diamond Infosystems Limited

Place: Vadodara

Amit Bhatnagar

Dr. Sumit Bhatnagar

Date: 14th August, 2012

Vice - Chairman

Managing Director

AUDITORS REPORT

To

The Members of

DIAMOND INFOSYSTEMS LIMITED

We have audited the attached Balance Sheet of Diamond Infosystems Ltd (herein after referred to as the "Company") as at 31st March, 2012 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 principles 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 above, we report that:

1. 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.
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, Profit and Loss Accounts and Cash Flow Statement 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.
5. On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a

Director in terms of Clause (g) of subsection (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 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 31st March 2012; and

II) In the case of Profit & Loss Account, of the Profit for the year ended on that date; and

III) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For VIJAY N. TEWAR & CO.

(Chartered Accountants)

(Vijay N. Tewar)

Place: Vadodara

Proprietor

Date: 14th August, 2012

Membership No. 040676

Annexure to Auditors' Report

(1)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the current year in accordance with a planned programme of verifying them at reasonable intervals which, in our opinion, is rational having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(2)

(a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(3)

(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4(iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(5)

(a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(6) The Company has not accepted any deposits from the public.

(7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(8) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, related to the manufacture of electrical goods, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(9)

(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(10) 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.

(11) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues to financial institutions or debenture holders.

(12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(14) 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 Companies (Auditor's Report) Order, 2003(as amended) are not applicable to the Company.

(15) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiaries from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(16) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(17) 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.

(18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 as there is no allotment of shares during the year under review.

(19) The Company did not have any outstanding debentures during the year.

(20) The Company has not raised money by way of public issue of shares/ debentures in the current year.

(21) As per the recent Circular no. 62/2011 of the Ministry of Corporate Affairs Company has prepared its financial report as per revised Schedule VI of the Companies Act, 1956.

(22) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For VIJAY N. TEWAR & CO.

(Chartered Accountants)

(Vijay N. Tewar)

Place: Vadodara

Proprietor

Date: 14th August, 2012

Membership No. 040676

MANAGEMENT DISCUSSION & ANALYSIS 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 towards 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. There were no significant events occurring after the Balance Sheet date.

C. 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

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

D. 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., LogicaPlc 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.

FINANCIAL STATEMENTS



DIAMOND INFOSYSTEMS LIMITED
Balance Sheet as at 31 March, 2012

in Lacs

Particulars		Note No.	31 March, 2012	31 March, 2011
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	588.50	588.50
	(b) Reserves and surplus	4	967.60	702.86
	(c) Money received against share warrants		-	-
2	Share application money pending allotment		161.18	161.18
3	Non-current liabilities			
	(a) Long-term borrowings	5	2.33	6.04
	(b) Deferred tax liabilities (net)	6	1.87	0.01
	(c) Other long-term liabilities	7	-	-
	(d) Long-term provisions	8	2.94	3.71
4	Current liabilities			
	(a) Short-term borrowings	9	56.70	-
	(b) Trade payables	10	4,338.16	5,000.19
	(c) Other current liabilities	11	41.62	84.68
	(d) Short-term provisions	12	76.60	11.17
	TOTAL		6,237.50	6,558.34
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets	13		
	(i) Gross Block		556.16	551.20
	(ii) Depreciation		229.17	221.61
	(iii) Net Block		326.99	329.59
	(b) Non-current investments	14	829.26	347.53
	(c) Long-term loans and advances	15	232.59	229.30
	(d) Other non-current assets	16	-	-
2	Current assets			
	(a) Current investments	17	-	-
	(b) Inventories	18	7.53	-
	(c) Trade receivables	19	4,791.81	5,589.01
	(d) Cash and cash equivalents	20	17.70	8.24
	(e) Short-term loans and advances	21	27.15	54.67
	(f) Other current assets	22	4.47	-
	TOTAL		6,237.50	6,558.34
	Notes forming part of the Financial Statements	1-30		

As per our report of even date

For Vijay N.Tewar & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Vijay N.Tewar
Proprietor
Memnership No.:- 040676
Firm Reg. No. :-111422W
Place : Vadodara
Date : 14/08/2012

S.N.Bhatnagar
Chairman

Sumit Bhatnagar
Managing Director

Amit Bhatnagar
Director

DIAMOND INFOSYSTEMS LIMITED

Statement of Profit and Loss for the year ended 31 March, 2012

in Lacs

Particulars		Note No.	31 March, 2012	31 March, 2011
1	Revenue from operations (gross)	23	41,860.60	31,370.51
	Less: Excise duty		-	-
	Revenue from operations (net)		41,860.60	31,370.51
2	Other income	24	91.06	45.67
3	Total revenue (1+2)		41,951.66	31,416.18
4	Expenses			
	(a) Cost of materials consumed	25	41,369.54	31,142.08
	(b) Purchases of stock-in-trade		-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		(7.53)	-
	(d) Employee benefits expense	26	150.64	85.00
	(e) Finance costs	27	3.99	0.77
	(f) Depreciation and amortisation expense		8.21	7.95
	(g) Other expenses	28	50.21	52.43
	Total Expenses (4)		41,575.06	31,288.23
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		376.61	127.95
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 - 6)		376.61	127.95
8	Extraordinary items		-	4.96
9	Profit / (Loss) before tax (7 + 8)		376.61	132.91
10	Tax expense:			
	(a) Current tax expense for current year		110.00	34.00
	(b) (Less): MAT credit		-	-
	(c) Current tax expense relating to prior years		-	-
	(d) Net current tax expense		-	-
	(e) Deferred tax		1.87	0.01
	Total tax expenses (10)		111.87	34.01
11	Profit for the year (9 - 10)		264.74	98.90
12	Earnings per share (of ₹ 10/- each):			
	(a) Basic			
	(i) Continuing operations		4.50	1.68
	(ii) Total operations		4.50	1.68
	(b) Diluted			
	(i) Continuing operations		4.50	1.68
	(ii) Total operations		4.50	1.68
	Notes forming part of the Financial Statements	1-30		

In terms of our report attached.

For Vijay N.Tewar & Co.

For and on behalf of the Board of Directors

Chartered Accountants

Vijay N.Tewar

S.N.Bhatnagar

Sumit Bhatnagar

Amit Bhatnagar

Proprietor

Chairman

Managing Director

Director

Memnership No.:- 040676

Firm Reg. No. :-111422W

Place : Vadodara

Date : 14/08/2012

DIAMOND INFOSYSTEMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March, 2012

in Lacs

Particulars	31 March, 2012		31 March, 2011	
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>				
Net Profit before Tax		376.61		127.94
Adjustment for :				
Income Tax	(110.00)		(34.00)	
Depreciation	8.21		7.95	
Excess Provision Written Back	-		4.96	
Provision Income Tax Earlier Period	-		(0.07)	
Dividend income	(80.05)		(37.04)	
Interest income	-		(0.03)	
Finance Cost	3.99	(177.85)	0.76	(57.47)
Interst \ Other income Received		198.76		70.47
<u>Operating profit before working capital changes</u>				
Trade and other Receivable	797.19		(1172.29)	
Change in Loans & Advances	(16.38)		(73.86)	
Trade Payable and Other Liabilities	(705.02)		1101.02	
Change in Provisions	105.18		35.21	
Inventories	(7.53)		-	
Change in Other Current Assets	(4.46)	168.98	-	(109.92)
Cash generated from operations		367.74		(39.45)
<u>CASH FLOW FROM INVESTMENT ACTIVITIES:</u>				
Dividend received	80.05		37.04	
Increase in investement	(481.73)		-	
Interest received	-		0.03	
Increase / Decrease of Fixed Assets	(5.60)	(407.28)	(1.94)	35.13
Net cash flow used in investing activities		(39.54)		(4.32)
<u>CASH FLOW FROM FINANCIAL ACTIVITIES:</u>				
Finance Cost paid	(3.99)		(0.76)	
Increase in Secured Loan	56.70		-	
Repayment of borrowings	(3.71)	49.00	(3.37)	(4.13)
Net increase in cash & cash equivalents		9.46		(8.45)
Add: Cash & cash equivalents opening	8.25		16.70	
Cash & cash equivalents closing	17.71	(9.46)	8.25	8.45

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

For and on behalf of the Board of Directors

VIJAY N. TEWAR
PROPRIETOR
Membership No.: 040676
Firm Reg. No.:111422W
 Place: Vadodara
 Date : 14/08/2012

S.N.Bhatnagar
Chairman

Sumit Bhatnagar
Managing Director

Amit Bhatnagar
Director

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the Financial Statement.

Note: 1 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 Assets:

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, quoted and 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. The Liabilities of gratuity and Leave Encashment as shown in the book of account are valued by the management.

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.

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the Financial Statement.

Note: 1 Significant Accounting Policies (cont.)

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.

Deferred Tax is accounted by computing the tax effect of timing differences which arrears during the year and reverse in subsequent periods.

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.

Note: 2 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby Profit / (Loss) before extra ordinary items and tax is adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments the cash flows from operating, investing and financing activities of the company are segregated based on the available information.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposit with banks. Cash equivalents are short-term balances (with an original maturity of three month or less from the date of acquisition), highly liquid time deposit that are readily convertible into know amounts of cash and which are subject to insignificant risk of changes in value.

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 3 Share capital

₹ in Lacs

Particulars	31 March, 2012		31 March, 2011	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	10000000	1,000.00	10000000	1,000.00
Preference shares of ₹ 100 each	100000	100.00	100000	100.00
(b) Issued				
Equity shares of ₹ 10 each with voting rights	5885000	588.50	5885000	588.50
(c) Subscribed and fully paid up				
Equity shares of ₹ 10 each with voting rights	5885000	588.50	5885000	588.50
(d) Subscribed but not fully paid up	-	-	-	-
Total	5885000	588.50	5885000	588.50

Particulars				
Notes:				
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting				
Particulars	Number of shares	₹	Number of shares	₹
Outstanding at the Beginning of	5885000	588.50	5885000	588.50
Outstanding at the End of the Year	5885000	588.50	5885000	588.50

(ii) Details of shares held by each shareholder holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of	% holding	Number of	% holding
Diamond Projects Ltd	2307845	39.22	2307845	39.22
Unit Trust Of India	725000	12.32	725000	12.32
Suresh N. Bhatnagar	628141	10.67	628141	10.67
Amit Suresh Bhatnagar	537212	9.13	537212	9.13
Sumit Suresh Bhatnagar	498323	8.47	498323	8.47
Madhurilata Bhatnagar	326905	5.55	326905	5.55
(vi) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being				
(vii) Details of calls unpaid	N.A.			
(viii) Details of forfeited shares	N.A.			

DIAMOND INFOSYSTEMS LIMITED

Note 4 Reserves and surplus

in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Capital reserve	-	-
(b) Capital redemption reserve	-	-
(c) Securities premium account	467.35	467.35
(d) Debenture redemption reserve	-	-
(e) Revaluation reserve	-	-
(f) Share options outstanding account	-	-
(g) General reserve	1.46	1.46
(h) Foreign currency translation reserve	-	-
(i) Hedging reserve	-	-
(j) Surplus / (Deficit) in Statement of Profit and Loss	-	-
Opening balance	234.05	135.15
Add: Profit / (Loss) for the year	264.74	98.90
Total	967.60	702.86

Note 5 Long-term borrowings

in Lacs

Particulars	31 March, 2012	31 March, 2011
Other loans and advances (Car Loan)		
Secured	2.33	6.04
Unsecured	-	-
Total	2.33	6.04

Notes:

- (i) Details of bonds / debentures issued by the Company: **N.A.**
- (ii) The Company is eligible to reissue the (state type) bonds / debentures that have been redeemed. As at 31 March, 2012, ___ number of bonds / debentures of ` ___ each (As at 31 March, 2011 ___ bonds / debentures of ` ___ each) were available for reissuance. **N.A.**
- (iii) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

in Lacs

Particulars	Terms of repayment and security	31 March, 2012		31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
Term loans from banks:					
Kotak Mahindra Bank Ltd	Secured Against Assets	2.33	0.00	6.04	0.00
Total - Term loans from banks		2.33	0.00	6.04	0.00

- (iv) Details of long-term borrowings guaranteed by some of the directors or others: **N.A.**
- (v) The Company has defaulted in repayment of loans and interest in respect of the following: **N.A.**

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 6 Deferred Tax Liabilities (Net)

in Lacs

Particulars	31 March, 2012	31 March, 2011
Deferred tax (liability) / asset	0.01	-
Deferred tax Liability		
On difference between book balance and tax balance of fixed assets	5.76	1.12
On expenditure deferred in the books but allowable for tax purposes	1.10	-
Tax effect of items constituting deferred tax liability	2.22	0.38
Deferred tax Assets		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	1.10	1.10
On difference between book balance and tax balance of fixed assets	-	-
Tax effect of items constituting deferred tax assets	0.36	0.37
Net deferred tax Liability	1.87	0.01

Note 7 Other long-term liabilities

in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Trade Payables:		
(i) Acceptances	-	-
(ii) Other than Acceptances	-	-
(b) Others:		
(i) Payables on purchase of fixed assets	-	-
(ii) Contractually reimbursable expenses	-	-
(iii) Interest accrued but not due on borrowings	-	-
(iv) Interest accrued on trade payables	-	-
(v) Interest accrued on others	-	-
(vi) Trade / security deposits received	-	-
(vii) Advances from customers	-	-
(viii) Income received in advance (Unearned revenue)	-	-
(ix) Others (specify nature)	-	-
Total	-	-

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 8 Long-term provisions

in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Provision for employee benefits:		
(i) Provision for compensated absences	-	-
(ii) Provision for gratuity (net)	1.89	2.01
(iii) Provision for post-employment medical benefits	-	-
(iv) Provision for other defined benefit plans (net)	-	-
(v) Provision for Leave Salary	1.05	1.70
(b) Provision - Others:		
(i) Provision for premium payable on redemption of bonds	-	-
(ii) Provision for estimated loss on derivatives	-	-
(iii) Provision for warranty	-	-
(iv) Provision for estimated losses on onerous contracts	-	-
(v) Provision for other contingencies	-	-
(vi) Provision - others	-	-
Total	2.94	3.71

Note 9 Short-term borrowings

in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Loans repayable on demand		
From banks		
Secured	56.70	-
Unsecured	-	-
(b) Loans and advances from related parties		
(c) Deposits		
(d) Other loans and advances		
Total	56.70	-

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	31 March, 2012	31 March, 2011
<u>Loans repayable on demand</u>			
<u>from banks:</u>			
Corporation Bank	Book Debts	56.70	0.00
Total - from banks		56.70	0.00
<u>Other loans and advances:</u>		0.00	0.00
Total		0.00	0.00

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 10 Trade payables

₹ in Lacs

Particulars	31 March, 2012	31 March, 2011
Trade payables:		
Acceptances	4,338.16	5,000.19
Other than Acceptances	-	-
Total	4,338.16	5,000.19

Note 11 Other current liabilities

₹ in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Current maturities of long-term debt	-	-
(b) Current maturities of finance lease obligations	-	-
(c) Interest accrued but not due on borrowings	-	-
(d) Interest accrued and due on borrowings	-	-
(e) Income received in advance (Unearned revenue)	-	-
(f) Unpaid dividends	-	-
(g) Application money received for allotment of securities and due for refund and interest accrued thereon	-	-
(h) Unpaid matured deposits and interest accrued thereon	-	-
(i) Unpaid matured debentures and interest accrued thereon	-	-
(j) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	19.90	71.36
(ii) Payables on purchase of fixed assets	-	-
(iii) Contractually reimbursable expenses	-	-
(iv) Interest accrued on trade payables	-	-
(v) Interest accrued on others	-	-
(vi) Trade / security deposits received	-	-
(vii) Advances from customers	-	-
(viii) Others (specify nature)	21.72	13.32
Total	41.62	84.68

Note 12 Short-term provisions

₹ in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Provision for employee benefits:		
(i) Provision for bonus	1.68	0.82
(b) Provision - Others:		
(i) Provision for tax (net of advance tax ₹ 132.83 (As at 31 March, 2011 ₹ 92.23)	72.88	7.77
(x) Provision - Other Expenses	2.04	2.58
Total	76.60	11.17

DIAMOND INFOSYSTEMS LIMITED

Notes forming part of the financial statements

Note 13 Fixed Assets

in Lacs

Fixed Assets	Gross Block					Accumulated Depreciation					Net Block	
	1 April 2011	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	31 March, 2012	1 April 2011	Depreciated on charge for the year	Adjustment due to revaluations	On disposals	31 March, 2012	31 March, 2011	31 March, 2012
a Tangible Assets												
Buildings	42.07	-	-	-	42.07	14.40	1.41	-	-	15.80	27.67	26.26
Assets under lease	1.36	-	-	-	1.36	0.63	0.05	-	-	0.68	0.73	0.68
Furniture and Fixtures	33.03	0.02	-	-	33.05	17.99	2.09	-	-	20.08	15.04	12.97
Assets under lease	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	15.03	-	-	-	15.03	3.89	1.43	-	-	5.32	11.14	9.71
Office equipment	7.87	0.38	-	-	8.25	5.11	0.58	-	-	5.69	2.77	2.56
Assets under lease	6.86	-	-	-	6.86	6.49	0.37	-	-	6.86	0.37	-
Computers	93.88	5.21	-	-	99.09	88.59	1.25	-	-	89.84	5.29	9.25
Assets under lease	0.65	-	-	0.65	-	0.65	-	-	0.65	-	-	-
Electrical installations	5.44	-	-	-	5.44	2.68	0.26	-	-	2.94	2.75	2.49
EIS Division	333.94	-	-	-	333.94	75.54	-	-	-	75.54	258.40	258.40
Call Center Assets	11.08	-	-	-	11.08	5.64	0.78	-	-	6.43	5.43	4.65
Others												
Grand Total	551.21	5.61	-	0.65	556.16	221.61	8.21	-	0.65	229.18	329.58	326.98
Previous Year	549.26	1.94	-	-	551.20	213.66	7.95	-	-	221.61	335.60	329.58

DIAMOND INFOSYSTEMS LIMITED

Notes forming part of the financial statements

Note 14 Non-current investments

in Lacs

Particulars	31 March, 2012			31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):						
A. Trade						
Total - investments (A)	-	-	-	-	-	-
B. Other investments						
(a) Investment property	-	-	-	-	-	-
(b) Investment in equity instruments	821.98	7.28	829.26	340.25	7.28	347.53
(c) Investment in Preference shares	-	-	-	-	-	-
(d) Investment in Government or Trust Securities	-	-	-	-	-	-
(e) Investment in Debentures & Bonds	-	-	-	-	-	-
(f) Investment in Mutual Fund	-	-	-	-	-	-
(g) Investment in Partnership Firm	-	-	-	-	-	-
(h) Other	-	-	-	-	-	-
Total - Other investments (B)	821.98	7.28	829.26	340.25	7.28	347.53
Total (A+B)	821.98	7.28	829.26	340.25	7.28	347.53
Less: Provision for diminution in value of investments		-	-			-
Total			829.26			347.53
Aggregate amount of quoted investments			821.98			340.25
Aggregate market value of listed and quoted investments			3,029.98			3,797.33
Aggregate value of listed but not quoted investments			-			-

DIAMOND INFOSYSTEMS LIMITED**Notes forming part of the financial statements****Note 15 Long-term loans and advances**

` in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Capital advances	-	-
(b) Security deposits	14.51	11.22
(c) Loans and advances to related parties	203.08	203.08
(d) Loans and advances to employees	-	-
(e) Prepaid expenses - Unsecured, considered good	-	-
(f) Advance income tax (net of provisions ____ ` (As at 31 March, 2011 ____ `) - Unsecured, considered good	-	-
(g) MAT credit entitlement - Unsecured, considered good	-	-
(h) Balances with government authorities	-	-
(i) Other loans and advances (Rent Deposit)	15.00	15.00
Total	232.59	229.30

Note 16 Other non-current assets

` in Lacs

Particulars	31 March, 2012	31 March, 2011
1. Long-term trade receivables		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	-	-
c) Doubtful	-	-
2. Others	-	-
Total	-	-

Note 17 Current Investment

` in Lacs

Particulars	31 March, 2012	31 March, 2011
Investment in Equity	-	-
Investment in Preference Shares	-	-
Investment in Govt Securities	-	-
Investment in debentures & Bonds	-	-
Investment in Mutual Fund	-	-
Investment in Partnership Firm	-	-
Total	-	-

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 18 Inventories

in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Raw materials	-	-
(b) Work-in-progress	-	-
(c) Finished goods (other than those acquired for trading)	-	-
(d) Stock-in-trade (acquired for trading)	7.53	-
(e) Stores and spares	-	-
(f) Loose tools	-	-
(g) Others (Packing Materials)	-	-
Total	7.53	-

Note 19 Trade receivables

in Lacs

Particulars	31 March, 2012	31 March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	1,174.83	1,403.44
Doubtful	-	-
	1,174.83	1,403.44
Less: Provision for doubtful trade receivables	-	-
Sub Total (A)	1,174.83	1,403.44
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	3,616.98	4,185.57
Doubtful	-	-
	3,616.98	4,185.57
Less: Provision for doubtful trade receivables	-	-
Sub Total (B)	3,616.98	4,185.57
Total (A + B)	4,791.81	5,589.01

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 20 Cash and cash equivalents

in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Cash on hand	0.86	0.07
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	16.84	8.17
(d) Others	-	-
Total	17.70	8.24
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i>	17.70	8.24

Note 21 Short-term loans and advances

in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Loans and advances to related parties (Unsecured, considered good)	18.56	48.79
(b) Loans and advances to employees	-	-
(d) Prepaid expenses - Unsecured, considered good	-	0.13
(e) Balances with government authorities	-	-
(i) CENVAT credit receivable	-	-
(ii) Income Tax credit receivable	-	-
(iii) Service Tax credit receivable	8.53	5.54
(g) Others (Advance to Creditors) (Unsecured, considered good)	0.06	0.21
Total	27.15	54.67

Note 22 Other current assets

in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Unbilled revenue	-	-
(b) Unamortised expenses	-	-
(c) Accruals	-	-
(d) Others	-	-
(i) Others (Pre Paid Expenses)	4.47	-
Total	4.47	-

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements
Note 23 Revenue from operations

₹ in Lacs

Particulars		31 March, 2012	31 March, 2011
(a)	Sale of products	41,697.31	31,256.59
(b)	Sale of Services	163.29	113.92
(c)	Other operating revenues	-	-
		41,860.60	31,370.51
	<u>Less:</u>		
(d)	Excise duty	-	-
	Total	41,860.60	31,370.51

Note 24 Other income

₹ in Lacs

Particulars		31 March, 2012	31 March, 2011
(a)	Interest income	-	0.02
(b)	Dividend income:	80.05	37.04
(c)	Net gain on sale of:	-	-
(d)	Adjustments to the carrying amount of investments - reversal of reduction in the carrying amount of:	-	-
(e)	Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	-
(f)	Other non-operating income (net of expenses directly attributable to such income)	-	-
	Total	80.05	37.06

Particulars		31 March, 2012	31 March, 2011
(i)	Interest income comprises:		
	Interest from banks on:		
	Interest from banks on:	-	0.02
	other balances	-	-
	Other interest	-	-
	Total - Interest income	-	0.02

Particulars		31 March, 2012	31 March, 2011
(ii)	Other non-operating income comprises:		
	Income From Rent	6.12	6.12
	Miscellaneous income [net of expenses directly attributable]	4.89	2.49
	Total - Other non-operating income	11.01	8.61

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 25 (a) Cost of materials consumed

in Lacs

Particulars	31 March, 2012	31 March, 2011
Opening stock	-	-
Add: Purchases	41,377.07	31,142.08
	41,377.07	31,142.08
Less: Closing stock	7.53	-
Total	41,369.54	31,142.08

Note 25 (b) Purchase of traded goods

in Lacs

Particulars	31 March, 2012	31 March, 2011
N.A.		
Total	-	-

Note 25 (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade

in Lacs

Particulars	31 March, 2012	31 March, 2011
<u>Inventories at the end of the year:</u>		
Work-in-progress	-	-
Finished goods	-	-
Stock-in-trade	7.53	-
Total	7.53	-
<u>Inventories at the beginning of the year:</u>		
Work-in-progress	-	-
Finished goods	-	-
Stock-in-trade	-	-
Total	-	-
Net (increase) / decrease	(7.53)	-

DIAMOND INFOSYSTEMS LIMITED**Notes forming part of the financial statements****Note 26 Employee benefits expense**

` in Lacs

Particulars	31 March, 2012	31 March, 2011
Salaries and wages	145.99	79.46
Contributions to provident and other funds	3.87	2.74
Expense on employee stock option (ESOP) scheme	-	-
Staff welfare expenses	0.78	2.80
Total	150.64	85.00

Note 27 Finance costs

` in Lacs

Particulars	31 March, 2012	31 March, 2011
(a) Interest expense on:		
(i) Borrowings	1.67	0.76
(ii) Trade payables	-	-
(iii) Others		
- Interest on delayed / deferred payment of income tax	-	-
- Others (Commision & Bank Charges)	2.32	0.01
(b) Other borrowing costs	-	-
(c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	-	-
Total	3.99	0.77

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 28 Other expenses

in Lacs

Particulars	31 March, 2012	31 March, 2011
Consumption of stores and spare parts	0.36	-
Electricity expenses	4.39	3.09
Rent including lease rentals	0.72	0.24
Repairs and maintenance - Others	0.66	0.49
Insurance	0.32	0.25
Rates and taxes	0.53	0.37
Travelling and conveyance	17.93	9.81
Printing and stationery	0.40	0.15
Freight and forwarding	0.25	0.01
Sales commission	0.28	0.07
Sales discount	2.41	0.12
Business promotion	0.45	1.14
Legal and professional	8.36	1.34
Payments to auditors	1.10	1.10
Prior period items (net)	-	-
Miscellaneous expenses	12.04	34.25
Total	50.21	52.43
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	0.75	0.75
For taxation matters	0.35	0.35
Total	1.10	1.10

DIAMOND INFOSYSTEMS LIMITED
Notes forming part of the financial statements

Note 29 (a) Exceptional items

Particulars	` in Lacs	
	31 March, 2012	31 March, 2011
N.A.	-	-
Total	-	-

Note 29 (b) Extraordinary items

Particulars	` in Lacs	
	31 March, 2012	31 March, 2011
Extra Ordinary Excess Provision Written Back	-	4.96
Total	-	4.96

DIAMOND INFOSYSTEMS LIMITED

Notes forming part of the financial statements

Note 30 Disclosures under Accounting Standards
Related party transactions
Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr.Suresh Bhatnagar, Mr.Amit Bhatnagar, Mr.Sumit Bhatnagar
Relatives of KMP	Madhrilata Bhatnagar(Wife of SureshBhatnagar), Mona Bhatnagar(Wife of AmitBhatnagar), Richa Bhatnagar(Wife of Sumit Bhatnagar), S.N.Bhatagar (HUF)
Company in which KMP / Relatives of KMP can exercise significant influence	Diamond Projects Ltd., Diamond Power Infrastructure Ltd., Diamond Power Transformers Ltd.

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

(₹ in Lacs)

	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Purchase of goods	-	-	-	-	41,167.31	-	-	-	41,167.31
	-	-	-	-	(31,042.24)	-	-	-	(31,042.24)
Sale of goods	-	-	-	-	41,667.66	-	-	-	41,667.66
	-	-	-	-	(31,260.70)	-	-	-	(31,260.70)
Rendering of services	-	-	-	-	36.10	-	-	-	36.10
	-	-	-	-	(12.00)	-	-	-	(12.00)
Rent Received	-	-	-	-	6.12	-	-	-	6.12
	-	-	-	-	(6.12)	-	-	-	(6.12)
Management contracts including for deputation of employees	-	-	-	-	0	0.12	-	-	0.12
	-	-	-	-	0	(0.12)	-	-	(0.12)
<u>Balances outstanding at the end of the year</u>	-	-	-	-	3,139.20	-	-	(221.70)	2,917.50
	-	-	-	-	(3,087.59)	-	-	221.70	(2,865.89)
Trade receivables	-	-	-	-	1,186.45	-	-	-	1,186.45
	-	-	-	-	(1,845.60)	-	-	-	(1,845.60)
Loans and advances	-	-	-	-	0	-	-	221.70	221.70
	-	-	-	-	0	-	-	(221.70)	(221.70)
Trade payables	-	-	-	-	4,325.65	-	-	-	4,325.65
	-	-	-	-	(4,933.08)	-	-	-	(4,933.08)

Note: Figures in bracket relates to the previous year

CORPORATE INFORMATION

Regd. Office: ESSEN INFO PARK5/9-10 BIDC GORWA, BARODA- 390016

BOARD OF DIRECTORS:

- Shri S N Bhatnagar (Chairman)
- Shri Amit Bhatnagar (Vice- Chairman)
- Shri Sumit Bhatnagar (Managing Director)
- Shri Prakash Sinha
- Shri Gajendra Narayan Verma
- Shri Namu Narain Bhatnagar
- Shri Triloki Narayan Bhatnagar

AUDIT COMMITTEE:

- Shri Prakash Sinha (Chairman)
- Shri Triloki Bhatnagar
- Shri G N Verma

INVESTOR GRIEVANCES

- Shri G N Verma (Chairman)

COMMITTEE:

- Shri Triloki Bhatnagar

Shri Prakash Sinha

AUDITORS:

Vijay Tewar & Co.
Statutory Auditor
315-316, Panorama, R.C. Dutt Road
Vadodara-390 007

SECRETARIAL AUDIT: K H Associates

REGISTRAR AND TRANSFER AGENTS :

Karvy Computershare
Plot No. 17 to 24, Vittalrao Nagar,
Madhapur,
Hyderabad 500 081

CORPORATE OFFICE: Essen Info Park5/9-10 BIDC, Gorwa,
Baroda- 390016

BANKERS:

Corporation Bank
Citibank
Allahabad Bank
HDFC Bank



DIAMOND
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