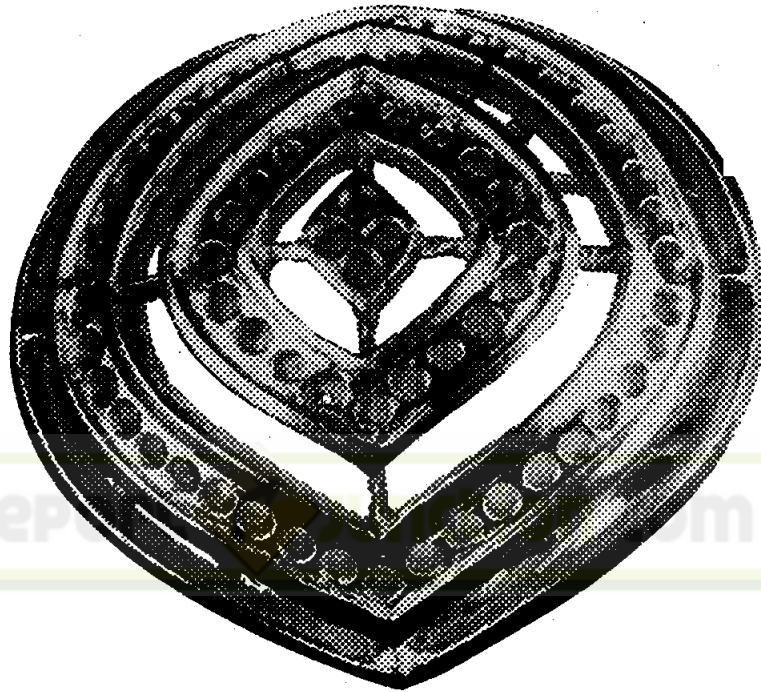




DEEP DIAMOND INDIA LIMITED



**7th ANNUAL REPORT
2000-2001**

BOARD OF DIRECTORS

Prakash R. Solanki
Chairman

Dinesh R. Solanki
Managing Director

Lalit R. Solanki
Jitesh R. Solanki
Directors

AUDITORS

M/s. Ramprasad Sharma & Associates
Chartered Accountants

BANKERS

Rupee Co-op. Bank Ltd.

REGISTERED OFFICE

25, Avon Arcade,
D.J. Road,
Vile Parle (West),
Mumbai - 400 056.

FACTORY :

Deep House, Jagruti Shopping Centre,
Opp. Somnath Bus Stop,
Vapi Daman Road,
Dabhel, Daman (U.T.) 396 210.

REGISTRARS & SHARE TRANSFER AGENT

MONDKAR COMPUTERS PVT. LTD.

21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.

DEEP DIAMOND INDIA LIMITED

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of DEEP DIAMOND INDIA LIMITED will be held on Friday, 28th September, 2001 at 10:00 a.m. at The Silk Merchants' Association, Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai - 400 002, to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2001, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jitesh R. Solanki, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

For and on behalf of the Board

Prakash R. Solanki
Chairman

Registered Office :

25, Avon Arcade, D. J. Road,
Vile Parle (West), Mumbai - 400 056.

Dated : 30th June, 2001

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, September 21, 2001 to Friday, September 28, 2001 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report to the Meeting.
5. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Seventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS :	2000-2001 (Rs.)	1999-2000 (Rs.)
Turnover	50942226	56960503
Other Income	8458	8955
Profit before Interest and Depreciation	5963463	8342574
Interest	754662	809851
Profit before Depreciation	5208801	7532723
Depreciation	310223	284947
Profit before Taxation	4898578	7247776
Provision for Taxation	1290000	—
Profit after Tax	3608578	7247776
Add: Provision for Taxation Written back	—	90000
Balance brought forward from Previous Year	14046707	6708931
Profit carried to Balance Sheet	17655285	14046707

OPERATIONS :

During the year ended 31st March 2001, Your Company registered a Total Income of Rs. 509.42 lakhs compared to 569.61 lakhs recorded last year while profit after tax is 36.09 lakhs as compared to 72.48 lakhs last year.

The year in review was marked by a economic slow down resulting in softening of the growth in almost all the areas of economy. Due to uneven monsoon there was a negative growth in Agriculture resulting in sluggish industrial growth. The sluggish industrial growth along with unfavourable financial markets resulted in decreased consumer demand. The year was also marked by a increase in the level of competition. The increased level of competition along with decreased consumer demand due to economic slowdown resulted in severe pressure on the margin of your company. Your company was not an exception to this general phenomena & its performance was also affected due to sluggish demand and increased pressure on the margin. Your director thought it fit to go slow on implementing the Unit II project in order to keep down the overheads expenses. Total expenditure incurred on Unit II upto March 2001 was Rs. 23,70,654/- & Pre-operative expenses were Rs. 2,19,546/-.

DIVIDEND :

In order to finance the enhance working capital requirements of the company and as their is a need to conserve/ retain funds for meeting the on going long term fund requirements of the company your Directors do not recommend any dividend for the year under review.

PROSPECTS :

The products of your company enjoy a good demand in the market. Your company expects that with enhanced marketing effort & along with restructuring of the marketing channels will ensure better results in the current years. Your company also expects to start production of Unit II which will also add to the turnover of the Company.

DIRECTORS :

Shri Jitesh R. Solanki retires by rotation and being eligible, offers himself for reappointment.

FIXED DEPOSITS :

The Company has not accepted any deposits during the year, within the meaning of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

DEEP DIAMOND INDIA LIMITED

PARTICULARS OF EMPLOYEES :

As required by the provisions of Section 217(2A) of the Company Act, 1956, read with Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Reports. However, as per the provision of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

AUDITORS :

M/s. Ramprasad Sharma & Associates, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for reappointment. Members are requested to appoint Auditors and fix their remuneration for the financial year 2001-2002.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information regarding conservation of energy, technology absorption and Foreign Exchange earnings and outgo as required by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure forming part of this report.

DIRECTORS RESPONSIBILITY STATEMENTS :

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act 2000, the Directors confirm :

- (i) That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March 2001 and the loss of the Company for that period.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation to the Bankers, Central Government and State Governments for their continued co-operation and assistance. Our whole-hearted thanks to our shareholders, customers and suppliers who have extended their valuable support.

For and on behalf of the Board

Prakash R. Solanki
Chairman

Mumbai : 30th June, 2001

7th Annual Report 2000-2001

ANNEXURE TO THE DIRECTORS' REPORT :

Additional information as required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY :

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

B) TECHNOLOGY ABSORPTION :**Research and Development (R & D) :**

- 1) Specific Areas in which R & D is carried out by the Company – None
- 2) Benefits derived as a result of the above R & D – N.A.
- 3) Future Plan of action – Implementation of R & D for quality improvement, development of new designs and cost reduction
- 4) Expenditure on R & D – Nil

Technology Absorption, Adaptation and Innovation :

- 1) Efforts in brief made towards technology absorption, adaptation and innovations : The Board of Directors are taking appropriate steps towards necessary technology absorption, adaptation and innovation taking place in the field of diamond and jewellery manufacturing.
- 2) Benefits derived as a result of the above efforts : The benefits will be reflected in the areas of product improvement and cost reduction.
- 3) Information regarding imported technology :

Technology Imported	:	Nil
Year of Import	:	N.A.
Status of absorption	:	N.A.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

Foreign Exchange Earned	Nil
Foreign Exchange Utilised	Rs. 119029/-

For and on behalf of the Board

Mumbai : 30th June, 2001

Prakash R. Solanki
Chairman