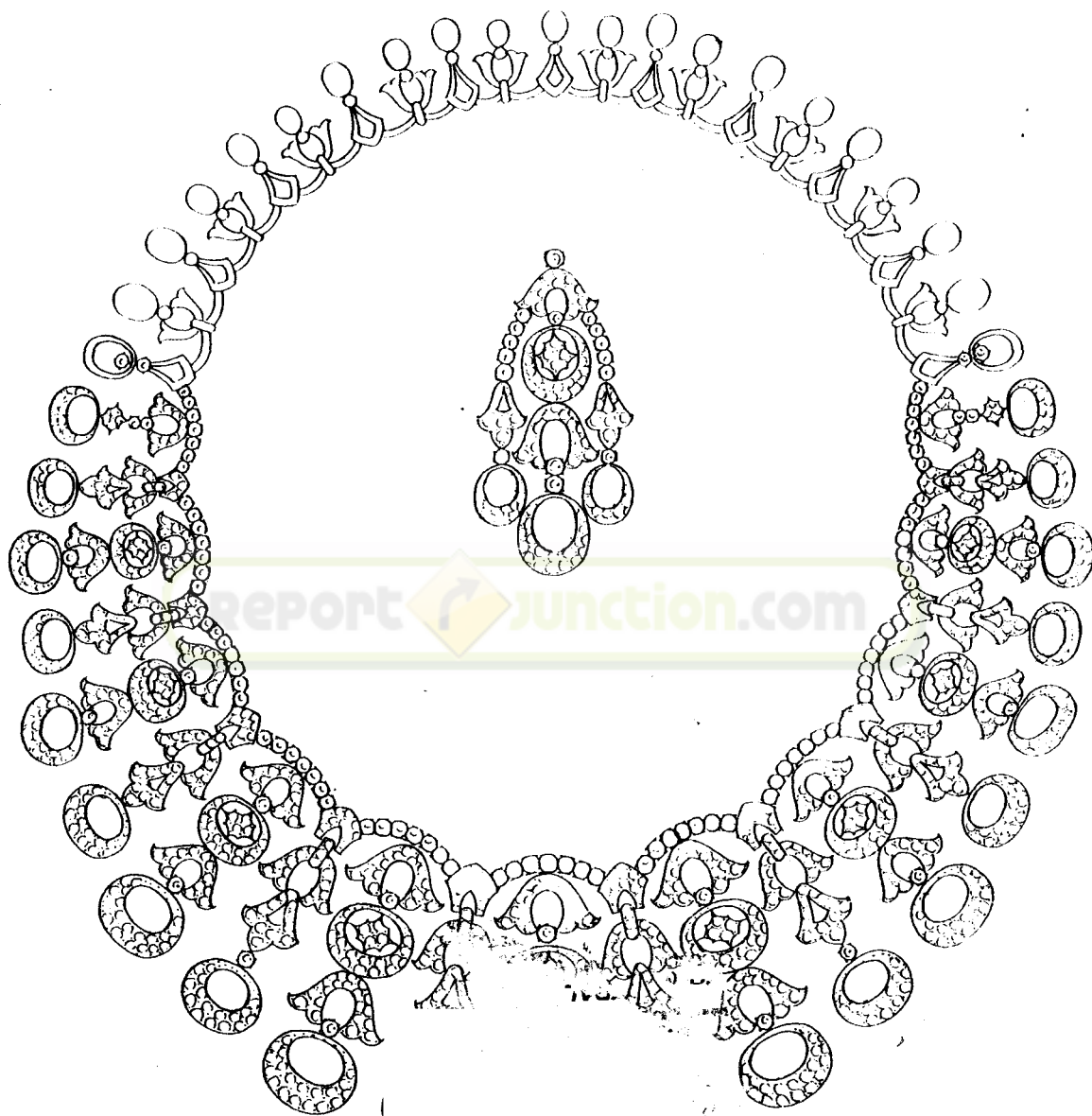




DEEP DIAMOND INDIA LIMITED



13th ANNUAL REPORT

2007



BOARD OF DIRECTORS

Mr. Prakash R. Solanki
Chairman

Mr. Dinesh R. Solanki
Managing Director

Mr. Manoj V. Jain
Director

Mr. Ramesh V. Patel
Director

Mrs. Sangeeta R. Jain
Director

STATUTORY AUDITORS

M/s. RAMPRASAD SHARMA & ASSOCIATES
Chartered Accountants
325, Madhu Mansion, 4th Floor,
Kalbadevi Road, Mumbai – 400 002

BANKERS

Rupee Co. Op. Bank Limited
Bank of Baroda

REGISTERED OFFICE

25, Avon Arcade, D. J. Road,
Vile Parle (W), Mumbai – 400 056

FACTORY :

Unit No. 6-B, Planet Ind. Estate,
Subhash Road, Vile Parle (East),
Mumbai – 400 057. MAHARASHTRA.

REGISTRARS & SHARE TRANSFER AGENT
MONDKAR COMPUTERS PRIVATE LIMITED
21, Shakil Niwas, Mahakali Caves Road,
Opp. Sai Baba Temple, Andheri (East),
Mumbai – 400 093

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DEEP DIAMOND INDIA LIMITED

N O T I C E

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of **DEEP DIAMOND INDIA LIMITED** will be held on Saturday, September 29, 2007 at 12.30 p.m. at The Silk Merchants' Association, Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2007 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri. Manoj Jain, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

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 A PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 22, 2007 to Saturday, September 29, 2007 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
5. Members are requested to notify promptly any change in their addresses to the Company's Registrar and Share Transfer Agents, Mondkar Computers Private Limited, 21, Shakil Niwas, Mahakali Caves Road, Opp. Sai Baba Temple, Andheri (East), Mumbai – 400 093.
6. Shareholders desiring information as regards the Accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.

Registered Office:
25, Avon Arcade, D. J. Road,
Vile-Parle (West),
Mumbai – 400 056.
MUMBAI: 30th June, 2007

By Order of the Board,
for DEEP DIAMOND INDIA LIMITED

PRAKASH R. SOLANKI
Chairman

DIRECTORS' REPORT

To,
The Members

The Directors have pleasure in presenting the Thirteenth Annual Report together with the Statement of Accounts for the year ended March 31, 2007.

	(Rs. in Lakhs)	
FINANCIAL RESULTS :	2006 - 2007	2005 - 2006
Sales/Turnover	36088137	35652450
Profit before Interest and Depreciation	2709070	2934692
Less : Interest	633420	401041
Profit before Depreciation	2075650	2533651
Less : Depreciation	353477	323677
Profit before Taxation	1722173	2209974
Less : Loss on Sale of Fixed Assets	325502	—
Less : Provision for Taxation : Current	649000	896985
Deferred	(27085)	(24466)
Profit after Tax	774756	1337455
Less : Provisions of Tax of previous year return-back	—	—
Add: Balance Profit brought forward from previous year	24998479	23661024
Profit / (Loss) carried to Balance sheet	25773235	24998479

OPERATIONS : The Company's business comprised of Domestic Operations only and the decline in Profitability is due to increase in interest rates and loss on sale of fixed assets and payment of rent on factory premises. The Company has recognized its business strategy by going in for value added items and entering the retail market. The company has already started a retail showroom in Mumbai. Your Company is exploring the overseas export market for improving the Turnover and Profitability.

DIVIDEND : In order to finance the enhanced working capital requirements of the company and in adequacy of the profits and consequently as there is a need to conserve / retain funds, for meeting the long term fund requirements of the Company, your Directors do not recommend any dividend for the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO : As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo forms part of this report.

FIXED DEPOSITS : The company has not accepted any Fixed Deposits from the public during the year under review.

LISTING : The Equity Shares of the Company are listed at the Pune, Ahmedabad, Delhi, Calcutta and Bangalore Stock Exchanges. The company has paid the Annual Listing Fees to the Stock Exchanges for the year 2007-2008.

**DEEP DIAMOND INDIA LIMITED**

DIRECTORS : Shri Manoj Jain would retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Brief resume of the above Director, nature of his experience in specific functional areas and names of the companies in which he holds directorship and membership/chairmanship of committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange are given in the section on Corporate Governance in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT : As specifically required under the Companies Act, 1956, your Directors state that :

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had 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 and of the profit of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE : Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion & Analysis and on Corporate Governance along with a certificate from the Auditors form part of this report.

PARTICULARS OF EMPLOYEES : The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS : M/s. Ramprasad Sharma & Associates, Chartered Accountants, the Auditors of the company would retire at the ensuing Annual General Meeting and are eligible for reappointment.

You are requested to appoint Auditors and to fix their remuneration.

ACKNOWLEDGEMENT : Your Directors greatly value the support and co-operation received during the year from the company's customers, suppliers, Financial Institutions, Bankers, Statutory Authorities and all organizations connected with its business. Your Directors place on record their appreciation of the efficient and loyal services rendered by the employees of the Company at all levels. Our whole-hearted thanks to our shareholders, who have extended their valuable support.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 30th June, 2007

PRAKASH R. SOLANKI
Chairman

ANNEXURE TO THE DIRECTORS' REPORT :

Particulars required under the Companies (Disclosure of Particulars in the Report of Board 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 have a continuous strategy towards latest 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 are 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) TECHNOLOGY ABSORPTION :

Foreign Exchange Earned	: Rs. Nil
Foreign Exchange Utilised	: Rs. Nil

For and on behalf of the Board

Dated: 30th June, 2007
Place: Mumbai

PRAKASH R. SOLANKI
Chairman

**DEEP DIAMOND INDIA LIMITED**

REPORT ON CORPORATE GOVERNANCE
(Pursuant to clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting other obligations to the shareholders.

The Company is committed to learn and adopt the practices of corporate governance.

2. BOARD OF DIRECTORS :

The Board of Directors of the Company consists of Five members.

Composition and category of Directors is as follows :

Name of Director	Category *	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies including private companies in India	No. of Committees in which Chairman/ Member (other than Deep Diamond India Limited)	
					Member	Chairman
Shri Prakash R. Solanki	Executive Chairman	5	Yes	NIL	NIL	NIL
Shri Dinesh R. Solanki	Managing Director	5	Yes	NIL	NIL	NIL
Shri Manoj V. Jain	I & N. E. D.	5	Yes	NIL	NIL	NIL
Shri Ramesh V. Patel	I & N. E. D.	5	Yes	NIL	NIL	NIL
Smt. Sangeeta R. Jain	I. & N. E. D.	5	Yes	NIL	NIL	NIL

** I & N.E.D. – Independent & Non-Executive Director

* N.E.D. – Non-Executive Director

A. Non Executive Directors' compensation and disclosures :

None of the non-executive directors is paid any remuneration.

B. Independent Directors :

The Independent Directors are not related to promoters or management at the Board level. They review at every board meeting legal compliance reports prepared by the company.

C. BOARD MEETINGS :

Five Board Meetings were held during the year 2006-2007. The dates on which the said meetings were held are as follows :

29-04-2006, 30-06-2006, 31-07-2006, 31-10-2006 and 31-01-2007.

The Company has a process to provide the information to the Board as required under Annexure - 1 to clause 49 which was followed.

All directors have made necessary disclosures about the committee positions they occupy in other companies.

Details of Directors to be appointed :

The particulars of Directors who are proposed to be appointed / re-appointed at this Annual General Meeting, are given below, as required pursuant to clause 49 of the Listing Agreement.

Name of Director	: Shri Manoj Jain
Age	: 34
Qualifications	: C.A.
Nature of Expertise	: Practising Chartered Accountant
Name of other Companies in which holds Directorship	: NIL
Name of other Companies in which holds Membership of committees of the Board	: N.A.

D. Code of Conduct :

The Board has laid down a code of conduct for Board members and senior management personnel of the company. The board members and senior management personnel have affirmed compliance with the said code of conduct.

3. AUDIT COMMITTEE :

The Audit Committee comprised solely of Qualified, Independent & Non-Executive Directors. The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 such as oversight of the company's financial reporting process; recommending the appointment / reappointment of statutory auditors; reviewing with the management annual financial statements; quarterly financial statements and other matters as covered under role of audit committee in clause 49. The audit committee has powers, inter-alia, to investigate any activity within its terms of reference and to seek information from any employee of the company as well as seek outside legal and professional advice.

The members of audit committee have knowledge on financial matters and majority of them have accounting or related financial management expertise. The Chairman of the audit committee is an independent director.

The audit committee reviews all the information that are required to be mandatorily reviewed by it under corporate governance.

Five meetings of the Committee were held during the year 2006-2007. The dates on which the meetings were held are as follows :

**DEEP DIAMOND INDIA LIMITED**

29-04-2006, 30-06-2006, 31-07-2006, 31-10-2006 and 31-01-2007.

Composition and category of Members is as follows :

Name of Director	Category	No. of Meetings Attended
Shri Manoj V. Jain	Chairman	5
Shri Ramesh V. Patel	Member	5
Smt. Sangeeta R. Jain	Member	5

4. WHISTLE BLOWER POLICY :

The company has not framed any whistle blower policy. However, no personnel has been denied access to the audit committee.

The company has not adopted non-mandatory requirements of clause 49. However the particulars relating to remuneration committee are given in this report.

5. SUBSIDIARY COMPANY :

The company has no subsidiary company.

6. REMUNERATION COMMITTEE :

The Remuneration Committee comprising of Shri Manoj V. Jain, Shri Ramesh V. Patel and Smt. Sangeeta R. Jain was constituted to determine / review the remuneration of the management personnel.

Details of remuneration paid to the Directors of the Company during the year ended March 31, 2007 are given below :

Name of Director	Salary	Perquisites	Commission	Others	Sitting Fees	Total
Shri Prakash R. Solanki	3,60,000	Nil	Nil	Nil	Nil	3,60,000
Shri Dinesh R. Solanki	3,60,000	Nil	Nil	Nil	Nil	3,60,000
Shri Manoj V. Jain	Nil	Nil	Nil	Nil	Nil	Nil
Shri Ramesh V. Patel	Nil	Nil	Nil	Nil	Nil	Nil
Smt. Sangeeta Jain	Nil	Nil	Nil	Nil	Nil	Nil

The Company does not have a scheme for grant of stock options.

7. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders' / Investors' Grievance Committee comprised solely of Independent & Non-Executive Directors viz: Shri Manoj V. Jain, Shri Ramesh V. Patel and Smt. Sangeeta R. Jain. Shri Manoj V. Jain is the Chairman of the Committee.

One meeting of the Committee was held on 15th July 2006 during the year 2006-2007.

Composition and category of Members is as follows :

Name of Director	Category	No. of Meetings Attended
Shri Manoj V. Jain	Chairman	1
Shri Ramesh V. Patel	Member	1
Smt. Sangeeta R. Jain	Member	1

Shri Prakash R. Solanki has been appointed as Compliance Officer of the Company.

During the financial year ended 31st March, 2007, no complaints were received from the shareholders / investors. No requests for transfers were pending for approval as on 31st March, 2007.

8. GENERAL BODY MEETINGS :

Location and time for last three Annual General Meetings :

Year	Location	Date	Time
2003-2004	The Silk Merchant's Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002	30.09.2004	10.00 am
2004-2005	The Silk Merchant's Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002	30.09.2005	10.00 am
2005-2006	The Silk Merchant's Association Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai – 400 002	30.09.2006	10.00 am

No postal ballots were used for voting at these meetings. At the ensuing Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

9. DISCLOSURES :

A. Related Party Transactions :

The Particulars of transactions between the company and its related parties as per Accounting Standard is set out in notes on accounts in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest.

B. Risk Management :

The Company has adopted a risk management policy. The Board of Directors have been informed from time to time the business risks faced by the Company and the steps taken by the management to face them.

C. Proceeds from Indian Public Offerings (IPOs) etc. :

The Company has not made any IPO during the year.