



Deep Diamond India Limited

16th

Annual Report

2009-2010

BOARD OF DIRECTORS

Mr. Prakash R. Solanki
Chairman

Mr. Dinesh R. Solanki
Managing Director

Mr. Manoj V. Jain
Director

Mr. Ramesh V. Patel
Director (Upto 12th August 2010)

Mr. Rajan Agarwal
Director (W.E.F. 12th August 2010)

Mrs. Sangeeta R. Jain
Director



STATUTORY AUDITORS

M/s. Ramprasad Sharma & Associates
Chartered Accountants
325, Madhu Mansion, 4th Floor,
Kalbadevi Road, Mumbai - 400002.

BANKERS

Rupee Co-operative Bank Limited
Bank of Baroda

REGISTERED OFFICE

Office No. 202, Cosmos Court Premises
Co-operative Society Ltd., S. V. Road,
Vile Parle (W), Mumbai- 400056.

FACTORY

Unit No. 6B, Planet Industrial Estate,
Subhash Road, Vile Parle (E),
Mumbai - 400057. Maharashtra.

REGISTRARS & SHARE TRANSFER AGENT

Mondkar Computers Private Limited.
21, Shakil niwas, Mahakali Caves Road,
Opp. Saibaba Temple, Andheri (East),
Mumbai - 400093.

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NOTICE

Notice is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the members of **Deep Diamond India Limited** will be held on Thursday, September 30, 2010 at 11.00 a.m. at The Silk Merchants' Association, Dahanukar Building, 1st Floor, 480, Kalbadevi Road, Mumbai-400002 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 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 Smt. Sangeeta Jain who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To appoint Director in place of Shri Rajan Agarwal, who was appointed as an Additional Director of the Company with effect from August 12, 2010, by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid up share capital of the Company and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rupees Ten Crores only at any point of time exclusive of interest."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT the consent of the Company, be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to mortgage and/ or charge and/ or hypothecate, on such terms and conditions and at such time or times, and in such form or manner, as it may think fit, the whole or substantially the whole of any one or more of the undertakings of the Company including the present and/ or future properties whether movable or

immovable, comprised in any existing undertaking or undertakings of the Company, as the case may be for the purpose of securing financial assistance not exceeding Rupees Ten Crores only at any point of time by way of any of the following namely Term Loans in Indian Rupees and Foreign Currency, Export Credit, Equipment Credit Scheme, Leasing Credit Facilities or other facilities from the Financial Institutions and/ or Bankers and/ or any other parties together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other moneys payable by the Company to the respective Financial Institutions and/ or Bankers and/ or other parties in terms of their respective Loan Agreements/Deeds of Agreements/ Hypothecation Agreements/ Letters of Sanction/Memorandum of terms and conditions entered into or to be entered into by the Company in respect of the said financial assistance, such security to rank pari passu with or second or subservient to the mortgages and/ or charges and/ or hypothecation already created or to be created in future by the Company or in such other manner as may be agreed to between the concerned parties and as may be thought expedient by the Board of Directors."

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the Company hereby approves the reappointment of Shri Prakash R. Solanki as Executive Director of the Company for a further period of five years with effect from May 01, 2010 on the terms and conditions including the terms as to remuneration approved by the remuneration committee and set out in the explanatory statement which statement be and it is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed between the Board and Shri Prakash R. Solanki.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri Prakash R. Solanki's term of office as Executive Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the Company hereby approves the reappointment of Shri Dinesh R. Solanki as Managing Director of the Company for a further period of five years with effect from January 1, 2010 upon the terms and conditions including the terms as to remuneration approved by the remuneration committee and set out in the explanatory statement which statement be and is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary or modify the terms and conditions of the said appointment and not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board and Shri Dinesh R. Solanki.



Deep Diamond India Limited

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri Dinesh R. Solanki's term of office as Managing Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

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 relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at item Nos. 4 to 6 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 23, 2010 to Thursday, September 30, 2010 (both days inclusive).
5. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
6. 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 Nivas Mahakali Caves Road, Opp. Sai Baba Temple, Andheri (East) Mumbai -400093.
7. 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:

Office No. 202,
Cosmos Court Premises
Co-operative Society Ltd.
S.V.Road, Vile Parle (W),
Mumbai- 400056.

By Order of the Board

Prakash R. Solanki
Executive Director

Dated: 12th August, 2010

ANNEXURE TO NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 4 :

Shri Rajan Agarwal was appointed as an Additional Director of the Company by the Board of Directors effective from 12th August, 2010. By virtue of Section 260 of the Companies Act, 1956, Shri Rajan Agarwal will hold office upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member of the company proposing his candidature for the office of Director.

The Board commends your approval to the said appointment.

None of the Directors of the company except Shri Rajan Agarwal is concerned or interested in the resolution for his appointment as Director of the Company.

Item No. 5:

The Company may have to borrow funds from banks and financial institutions and other parties in excess of the paid-up capital and free reserves of the Company.

It is therefore proposed to authorise the Board of Directors to borrow in excess of the paid-up capital and free reserves of the Company subject to a maximum of Rupees Ten Crores only.

An Ordinary resolution under Section 293(1)(d) of the Companies Act, 1956 is therefore proposed for approval by the members.

The Board commends your approval of the said resolution.

None of the Directors of the Company is interested in the said resolution.

Item No. 6:

The borrowings from the Banks, financial institutions or other parties might be secured by mortgaging or charging the moveable and/or immovable assets of the Company.

An ordinary resolution under Section 293(1)(a) of the Companies Act, 1956 is therefore proposed for approval by the Shareholders.

The Board commends your approval of the said resolution.

None of the Directors of the Company is interested in the said resolution.

Item No. 7:

The Board of Directors of the Company at its meeting held on April 30, 2010 had reappointed Shri Prakash R. Solanki as Executive Director of the Company for a further period of five years with effect from May 1, 2010 on the terms and conditions including the terms as to remuneration approved by the remuneration committee. The re-appointment of Shri Prakash R. Solanki and the remuneration payable to him on his re-appointment is subject to the approval of the Members of the Company.

The terms of his appointment as Executive Director are as under:

1. Appointment of Shri Prakash R. Solanki as Executive Director of the Company for a period of five years with effect from May 1, 2010



2. Remuneration:

- a) Salary : Rs. 30,000/-per month subject to the ceiling limit of upto Rs. 1,00,000/- per month as may be decided by the Board of Directors.
- b) Perquisites : In addition to the aforesaid Salary, the Executive Director shall be entitled to the following perquisites:
 - i) Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance.
 - ii) Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
 - iii) Fees of clubs/annual membership fees for professional bodies.The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.
- c) The Executive Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :
 - i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
 - ii. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - iii. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Executive Director shall be entitled to encash leave at the end of his tenure as Executive Director.
 - iv. Provision for Car and Telephone at the residence of the Executive Director shall not be treated as perquisites.

Where in any financial year during the currency of the tenure of the Executive Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Executive Director, the above Salary and perquisites not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

The Board commends the approval by the members to the reappointment of Executive Director and payment of remuneration to him.

Shri Prakash R. Solanki and Shri Dinesh R. Solanki are concerned or interested in the said Resolution at item no. 7 of the accompanying notice.

Item No 8:

The Board of Directors of the Company at its meeting held on December 31, 2009 reappointed Shri Dinesh R. Solanki as Managing Director of the Company for further period of Five years with effect from January 1, 2010 on the terms and conditions including the terms as to remuneration approved by the remuneration committee. The re-appointment of Shri Dinesh R. Solanki and the remuneration payable to him on his re-appointment is subject to the approval of the Members of the Company.

The terms of his appointment as Managing Director are as under:

1. Appointment of Shri Dinesh R. Solanki as Managing Director of the Company for a period of five years with effect from January 1, 2010

2. Remuneration:

- a) Salary : Rs. 30,000/-per month subject to the ceiling limit of upto Rs. 1,00,000/- per month as may be decided by the Board of Directors.
- b) Perquisites: In addition to the aforesaid Salary, the Managing Director shall be entitled to the following perquisites:
 - i) Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance.
 - ii) Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
 - iii) Fees of clubs/annual membership fees for professional bodies.The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.
- c) The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
 - i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
 - ii. Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - iii. Earned privilege leave at the rate of one month's leave for every eleven months of service. The Managing Director shall be entitled to encash leave at the end of his tenure as Managing Director.
 - iv. Provision for Car and Telephone at the residence of the Managing Director shall not be treated as perquisites.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

The Board commends the approval by the members to the reappointment of Managing Director and payment of remuneration to him.

Shri Dinesh R. Solanki and Shri Prakash R. Solanki are concerned or interested in the said Resolution at item no. 8 of the accompanying notice.

Registered Office:

Office No. 202,
Cosmos Court Premises
Co-operative Society Ltd.
S.V.Road, Vile Parle (W),
Mumbai- 400056.

By Order of the Board

Prakash R. Solanki
Executive Director

Dated: 12th August, 2010

**DIRECTORS' REPORT**

To,
The Members

The Directors have pleasure in presenting the Sixteenth Annual Report together with the Statement of Accounts for the year ended March 31, 2010 :

FINANCIAL RESULTS:	2009-10 (Rs.)	2008-09 (Rs.)
Sales & Other income	29608635	29658377
Profit before Interest and Depreciation	4289727	4721841
Less : Interest	543696	1013897
Profit before Depreciation	3746031	3707944
Less : Depreciation	547776	546545
Profit before Taxation	3198255	3161399
Less : Loss on sale of Fixed Assets	—	(18540)
Less : Provision for Taxation : Current	(909240)	(920000)
Deferred	(55550)	(79721)
Profit after Tax	2233465	2143138
Add : Balance profit brought forward from previous year	28094154	25951016
Profit/(loss) carried to Balance sheet	30327619	28094154

OPERATIONS:

The Company's business comprised of Domestic Operations only and the increase in Profitability is due to decrease in expenses. It is expected to have better in the current year.

DIVIDEND:

In order to conserve the resources to meet its 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:**(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 :

Presently the Company is not required any technology for its existing business.

- (C) Foreign Exchange Earned : Rs. Nil
Foreign Exchange Utilised : Rs. Nil

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, Ahemdabad, Delhi, Calcutta And Bangalore Stock Exchanges. The company has paid the Annual Listing Fees to the Stock Exchanges for the year 2010-2011.

DIRECTORS:

Shri Rajan Agarwal has been appointed as an Additional Director by the Board on 12th August, 2010. He holds office upto the date of this Annual General Meeting and is eligible for appointment.

Smt. Sangeeta Jain would retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Shri Prakash R. Solanki was reappointed as Executive Director for a further period of five years with effect from May 01, 2010 and Shri Dinesh R. Solanki was reappointed as the Managing Director of the Company for a period of five years with effect from January 1, 2010. The said re-appointments are subject to the confirmation of the members of the Company. Your directors recommend your approval to the reappointment of Shri Prakash R. Solanki and Shri Dinesh R. Solanki as Executive Director and Managing Director respectively and payment of remuneration to them as proposed in the notice of the ensuing Annual General Meeting.

Shri Ramesh Kumar Patel resigned as director of the company with effect from 12th August, 2010. The Board places on record its appreciation for the valuable service and guidance given by him during the tenure of his directorship with the Company.

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;