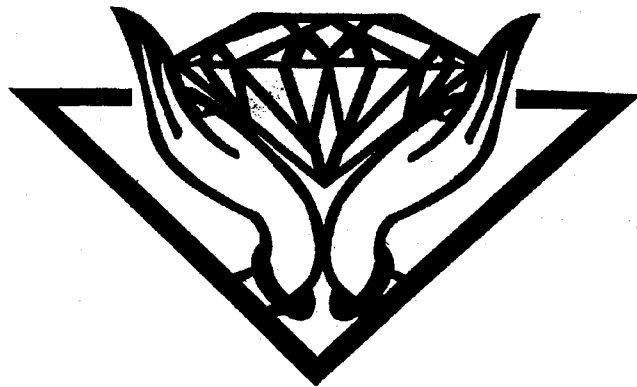
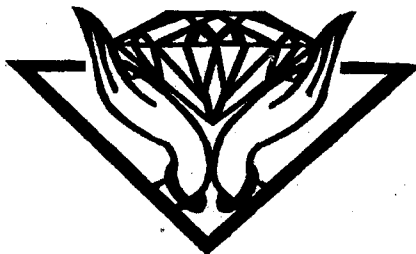


21st
Annual Report
2007-2008



Mini Diamonds
(India) Ltd.



MINI DIAMONDS (INDIA) LTD.

21ST ANNUAL REPORT 2007-2008

- BOARD OF DIRECTORS** : **Mr. Upendra N. Shah**, Promoter - Chairman & Managing Director
Mr. Himanshu K. Shah - Promoter & Executive
Mr. Mahadev P. Desai - Independent & Non-executive
Mr. Dilip K. Thakker - Independent & Non-executive
Mr. Vikas Upendra Nayak - Independent Non-executive
Mr. Dilip J. Shah - Independent Non-executive & Compliance Officer
- AUDITORS** : V. A. Parikh & Associates,
Chartered Accountants, Mumbai
- REGISTERED OFFICE** : 7-A, Nusser House, Ground Floor,
Opp. Panchratna Building, Opera House,
Mumbai- 400 004.
Tel no: 223071210/0940
Fax: 223649910
Email: minidiamonds@yahoo.com
- REGISTRARS & SHARE
TRANSFER AGENTS** : **M/s Purva Sharegistry (India) Pvt. Ltd.**
33, Printing House, 28 - D Police Court
Lane, Behind Old Handloom House, Fort,
Mumbai - 400 001.
Tel No: 23016761, 23018261
Fax No.: 22626407
Email: purvashr@mtnl.net.in



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of MINI DIAMONDS (INDIA) LIMITED will be held at Vanitavishram, 392, S V P Road, Prathana Samaj, Mumbai – 400004 on Monday, September 29, 2008 at 2.30 P.M to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2008, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Mr. Mahadev Desai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dilip Thakker, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorize Board to fix their remuneration.

“RESOLVED THAT V. A. PARIKH & ASSOCIATES, Chartered Accountants, Mumbai, being retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, in addition to reimbursement of service tax and all out of pocket expenses in connection with the audit of the Accounts of the Company, which remuneration may be paid on progressive billing basis to be agreed between the Auditors and the Board of Directors.”

By order of the Board

Place: Mumbai
Date : June 30, 2008

Upendra N. Shah
Chairman & Managing Director

Registered Office:

7-A, Nusser House, Ground Floor,
Opp. Panchratna Building,
Opera House, Mumbai- 400 004.

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.



3. The Register of Members and Share Transfer Books of the Company will remain closed from September 22, 08 to September 29, 2008 (both days inclusive) for the purpose of Annual General Meeting.
4. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed Form 2B to the Registrar & Transfer Agents of the Company.
5. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. Members desirous of obtaining any information on the Accounts and Operations of the Company are requested to write at least one week before the meeting so that the same could be compiled in advance.
7. Members are requested to notify changes, if any, in their registered addresses along with the pin code to the Company's Registrar and Share Transfer Agent.
8. Members are requested to bring their copy of Annual Report to the Meeting.
9. All documents referred to in the notice and explanatory statement are open for inspection at the registered office of the Company between 10.30 a.m. and 1.00 p.m. on all working days upto the date of the meeting.
10. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updations of savings bank account to their respective Depository Participants.
11. Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s Purva Sharegistry (India) Private Limited, 33, Printing House, 28 - D Police Court Lane, Behind Old Handloom House, Fort, Mumbai - 400 001. Tel No: 23016761, 23018261 Fax No.: 22626407.
12. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.
13. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.

By order of the Board

Place: Mumbai
Date : June 30, 2008

Upendra N. Shah
Chairman & Managing Director

Registered Office:
7-A, Nusser House, Ground Floor,
Opp. Panchratna Building,
Opera House, Mumbai- 400 004.



INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT & APPOINTMENT OF DIRECTORS.

Mr. Mahadev Desai, joined the Board on January 30th, 2003. Mr. Mahadev Desai has experience in manufacturing of Diamond Studded Gold Jewellery and Cut and Polished Diamonds. Since last ten years he is mainly concentrated in jewellery manufacture and its exports.

Mr. Dilip Thakker, joined the Board on December 8, 2005. He has gained first hand knowledge and experience of the international jewellery business .



DIRECTORS' REPORT

The Members of
MINI DIAMONDS (INDIA) LIMITED

Your Directors present herewith the 21st Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2008.

1. FINANCIAL RESULTS

(Amount in Rs.)

| | 2007-08 | 2007-06 |
|--|--------------|-------------|
| Sales | 208114760.01 | 8,52,66,885 |
| Profit/(Loss) before interest, depreciation and taxation | 2403753.26 | 27,07,255 |
| Less: Interest | 122373.00 | 5,450 |
| Depreciation | 40461.00 | 37,226 |
| Profit/Loss before Taxation | 2240919.26 | 26,64,579 |
| Profit/Loss after Taxation | 1524800.26 | 22,22,071 |
| Add: Balance in Profit and Loss A/c brought forward | 157385 | 20,64,685 |
| Balance Carried to Balance Sheet | 1682185.26 | 1,57,385 |

2. MANAGEMENT DISCUSSION AND ANALYSIS

a) INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Indian Gems & Jewellery industry is highly fragmented with a large number of players. A large portion of the market is in the unorganized sector. India is gaining prominence as an international sourcing destination for high quality designer jewellery. Famous international jewellers / stores like Walmart, JC Penney etc. procure jewellery from India. The Indian diamond trade generates over 4 billion dollars in exports every year. 11 out of 12 diamonds around the world are cut, polished and processed by Indian units. India has a 95 per cent share in terms of pieces in the global production of cut and polished diamonds.

India has the distinction of being the most technologically advanced diamond cutting centre in the world and is the fastest growing jewellery market in the world. Branded jewellery is likely to be fastest growing segment in domestic sales which is expected to grow at 40% p.a. to USD 2.28 billion by 2010.

b) OPPORTUNITIES AND THREATS

OPPORTUNITIES

There is a large market for Gems & Jewellery with domestic sales of over \$10 billion. India has 4% of the global Gems and Jewellery market and is the largest consumer of gold jewellery in the world and accounts for about 20% of world consumption. India is the largest diamond cutting and polishing center in the world and accounts for 60% value share, 85% volume share and 92% share of the world market by number of pieces, and is the third largest consumer of polished diamonds after USA and Japan.

THREATS

- The recessionary trends present a treat in terms of likely decline in consumer demand. The growth in emerging markets has so far compensated for the decline in US and Japan and the expects the trend to continue.
- Jewellery being a luxury item, recession is one of the threats faced by the Company, as this means less spending by consumers and less sales for the Company.



c) SEGMENT- WISE PERFORMANCE

The Company is engaged in export of cut and polished diamond jewellery. Rough diamonds are imported first and then exported after cutting and polishing them. Majority of its exports is to Hongkong, Dubai, Thailand and Belgium. The Fixed Assets & Inventories used in the company's business are not identifiable to any particular reportable segment and can be used interchangeably among geographical segments. Consequently, management believes that it is not practical to provide segment disclosures relating to total assets since a realistic analysis among the various geographic segments is not possible.

d) OUTLOOK

The Company has expanded its footprint across the globe in the past few years. These overseas entities have now started to increase their penetration. This elaborate distribution infrastructure has been designed to support the Company's aggressive growth plan. The Company remains committed in developing its branded products across the globe and providing exciting premium product propositions to the end-consumer. The future of the Company is quite promising as more and more buyers across the world are turning to India as their preferred source for quality jewellery. Mini Diamonds (India) Limited has strategically focused on exporting to wholesalers. Thus the Company Supplies Quality **diamonds (Cut & Polished) to wholesalers** and jewelers all over India and in many countries abroad like USA, Germany, Canada, Israel etc.

e) RISK MANAGEMENT:

The company considers risk management to be one of the most critical components of its business framework. During the year, risk management systems were further strengthened and fine-tuned to effectively manage the risks confronted by the company. Similarly, well-established and documented systems and procedures provide defence against the operational risk. The Company assesses the risk on quarterly basis.

f) INTERNAL CONTROL SYSTEMS

The Company has adequate Internal Control systems, which provide, inter- alia, reasonable assurance of recording the transactions of its operations in all material respects and providing protection against misuse or loss of Company assets.

g) FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Total Income achieved during the year under review is Rs. 6,06,2,028.01 as against Rs. 4,427,980.0 in the previous year. The amounts of exports have increased from Rs. 85,266,885 in the previous year to Rs.208,114,760.01 in the current year.

h) HUMAN RESOURCES

People are our the most vital resources of the Company. The success or failure of the organization is directly linked to the talent of the work force that it is able to attract, retain & engage. We have created a favourable work environment that encourages innovation and meritocracy in our employees which are our greatest resource of sustainable competitive advantage.

We believe that to enhance the market presence of the Company, it is important that new personnel entering the organization are highly skilled, qualified and emotionally attached to the organization. The rollout of this initiative has been extremely well received by the target audience and also by customers, opinion leaders and the media.

In our Company the key focus has been to change the mindset from "Human resource utilization" to "Nurturing and leveraging Talent" Employee engagement remains a key focus of HR initiatives undertaken by our Company. The company helps employees to build new skills and competencies and also promotes knowledge sharing and team building. Harmonious and constructive relations between the management and workmen help to maintain a cordial work atmosphere and achieve business growth.



3. CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance together with a Certificate from Practicing Company Secretaries is annexed as part of the Annual Report.

4. COST AUDIT

The Company is not required to undertake the cost audit as required under Section 233 B of the Companies Act, 1956.

5. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 that

- a) In the preparation of the Annual Accounts for the year ended March 31, 2008, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- b) The Directors have 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 ended March 31, 2008 and of the profit of the Company for that year.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting 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.
- d) The Directors have prepared the Annual Accounts for the year ended March 31, 2008, on a going concern basis.

6. DIRECTORS

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 Mr. Mahadev Desai and Mr. Dilip Thakker, retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

7. STATUTORY AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The Auditors of the Company, V. A. PARIKH & ASSOCIATES, Chartered Accountants retire at ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The Company has also received a certificate from them under Section 224(1B) of the Companies Act, 1956.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

The provisions of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable. The total exports for the year 2007-2008 amounts to Rs. 203, 630, 671.01. The Company is concentrating more on export of high value added, polished diamonds and designer jewellery.

9. PARTICULARS OF EMPLOYEES

There are no such employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 as amended by the Companies Amendment Act 1988. Hence no particulars of such employees are required to be appended to this report.

For and on behalf of the Board of Directors

Place: Mumbai
Date : June 30, 2008

Upendra N. Shah
Chairman & Managing Director

Registered Office:

7-A, Nusser House, Ground Floor,
Opp. Panchratna Building,
Opera House, Mumbai- 400 004.



REPORT OF CORPORATE GOVERNANCE 2007-2008

1. Company's philosophy on Corporate Governance

MINI DIAMONDS (INDIA) LIMITED believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, and society at large. The Company seeks to achieve this goal by being transparent in its business dealings by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and Independent Board of Directors.

The Indian Domestic Diamond Jewellery market is estimated at more than Rs. 8000 Crores. A large part of the growth in the Gem & Jewellery is fuelled by the branded segment, which hurtled northwards at an amazing growth rate of more than 35%. The branded jewellery market in India is likely to touch USD 2.28 Bn by 2010. Organised players still account for less than 5 % of the total estimated market as traditionally Indians have relied on close relatives, friends or people known to them for procuring precious jewellery. However, this equation is expected to change gradually in favour of the organized players. For retailing of branded jewellery, the Company has geared itself for establishing a large and strong retail setup with a Pan India presence. The organized jewellery market rapidly and consumers are increasingly willing to visit branded jewellery stores for even serious jewellery shopping. The exports potentials too are enormous. The gems and jewellery industry and diamond polishing, India is the most technologically advanced diamond cutting centre in the world, opportunity to address one of the world's largest and fastest growing Gems and Jewellery markets, opportunity to leverage India's strengths to address the global market.

Corporate Governance represents the value, ethical and moral framework under which business decisions are taken. The investors want to be sure that not only is their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in manner which is not illegal or involving moral hazard. For us good governance and good business is not a destination but a continuous journey. The Company is of the view that good Governance goes beyond good working results and financial propriety and is pre-requisite to attainment of excellent performance in terms of stakeholders' value creation. In India, Corporate Governance standards for listed Companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the listing agreement of the Stock Exchanges. As a Company, which believes in implementing and adopting best-in-class corporate governance policies, MINI DIAMONDS (INDIA) LIMITED has adopted practices mandated in the revised Clause 49 and has established procedures and systems to be fully compliant with it.

Your Company practices a culture that is on core values and ethics. A Report on compliance with Code of Corporate Governance as prescribed by the Securities Exchange Board of India and incorporated in the Listing Agreement is given below:

1. Provide an enabling environment to harmonize the goals of maximizing stakeholder value and maintaining a customer centric focus.
2. Have a simple and transparent corporate structure driven solely by business needs.
3. Communicate externally, in a truthful manner, about how the Company is run internally.
4. Make clear distinction between personal conveniences and corporate resources.
5. Be transparent and maintain a high degree of disclosure levels in all facets of its operations.
6. To ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value.
7. Satisfy the spirit of the law and not just the letter of the law.

The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its Directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

Your Board of Directors presents the Corporate Governance Report for the year 2007- 2008.



2. Board of Directors

a. Size and Composition of Board

The composition and category of Directors as on March 31, 2008 are as under:-

| Name of Directors | Category | No. of Directorships in other Companies | | No. of Membership/ Chairmanship of other Board Committees | |
|----------------------|--|---|---------|---|----------|
| | | Public | Private | Member | Chairman |
| Mr. Upendra N. Shah | Promoter, Chairman & Managing Director | - | - | - | - |
| Mr. Himanshu K. Shah | Promoter & Executive | - | 3 | - | - |
| Mr. Mahadev P. Desai | Independent & Non-executive | - | - | - | - |
| Mr. Dilip K. Thakker | Independent & Non-executive | - | - | - | - |
| Mr. Vikas U. Nayak | Independent Non-executive | - | - | - | - |
| Mr. Dilip J. Shah | Independent Non-executive | - | 1 | - | - |

a. Attendance at Board Meeting and Annual General Meeting :-

During the accounting year 2007-08, six Board Meetings were held on 30th April 2007, 4th May 2007, 31st July 2007, 30th August 2007, 31st October 2007, and 31st January 2008.

The Annual General Meeting of the Company for the financial year 2006-2007 was held on September 25th 2007.

Attendance at Board Meeting and last Annual General Meeting:-

| Name of Directors | No. of Board Meetings attended | Attendance at last AGM |
|-------------------------|--------------------------------|------------------------|
| Mr. Upendra N. Shah | 3 | Present |
| Mr. Himanshu K. Shah | 4 | Present |
| Mr. Mahadev P. Desai | 3 | Present |
| Mr. Dilip K. Thakker | 3 | Present |
| Mr. Vikas Upendra Nayak | 4 | Present |
| Mr. Dilip J. Shah | 4 | Present |

a. Board's Functioning & Procedures:-

The Board has complete access to any information within the Company. At meetings of the Board, it welcomes the presence of Managers who can provide additional insights into the items being discussed.

The items placed at the Meeting of the Board include the following:-

- Unaudited Quarterly/half yearly financial results and audited annual accounts of the Company including segment wise revenue, results and capital employed, for consideration and approval,
- Minutes of meetings of audit, share holders grievance committee and remuneration committee,
- Abstracts of circular resolutions passed,
- General notices of interest,
- Sale and/or purchase of investments, fixed assets.
- Review compliance of all laws applicable to the Company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non compliances, if any.
- Related party transactions,
- Reviewing the company's financial and risk management policies.
- Reviewing the business plan and strategy of the Company.

All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial /business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.



The Minutes of the Meetings of the Board are circulated through email to all Directors and confirmed at the subsequent Meeting. The Minutes of the Audit committee and shareholders' grievance committee are also individually given to the Board Directors and thereafter tabled for discussion at the subsequent Board Meeting.

3. Audit Committee

Audit committee acts as a link between the statutory and internal auditors and the Board of Directors. The primary objective of the Audit committee is to provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures. The Board of Directors of the Company has constituted an Audit Committee. The terms of reference to the Audit Committee covers the matters specified under Clause 49 of the Listing Agreement.

a. Size and Composition:-

The Board constituted an Audit Committee of Directors having Mr. Mahadev P. Desai, Non - Executive Independent Director as Chairman of the Committee, Dilip K. Thakker Non - Executive Independent Director and Mr. Himanshu K. Shah Promoter & Executive Director as members of the Committee.

The members of the Committee are well versed in finance / accounts, legal matters and general business practices.

b. Attendance at the Audit Committee Meetings:-

During the accounting year 2006-07, **five Audit Committee Meetings** were held on 30th April 2007, 31st July 2007, 30th August 2007, 31st October 2007 and 31st January 2008.

| Name of Directors | No. of Audit Committee Meetings attended |
|----------------------|--|
| Mr. Himanshu K. Shah | 5 |
| Mr. Mahadev P. Desai | 5 |
| Mr. Dilip K. Thakker | 5 |

a. The functions of the Audit Committee include the following:-

- Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other expenses.
- Reviewing with management the annual / half-yearly / quarterly financial statements before submission to the Board.
- Reviewing with management, external auditors, the adequacy of the internal control systems.
- Discussion with external auditors before the audit, any significant findings and follow up thereon.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.
- Related party transactions,
- To review the matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
- To review the Management discussion and analysis of financial condition and results of operations.
- To recommend re-appointment of Statutory Auditors and to fix their remuneration.



All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial /business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Member to enable the Committee to take informed decisions.

The Minutes of the Meetings of the Committee are circulated through email to all Directors and confirmed at the subsequent Meeting.

The Statutory Auditors and Managing Director are invitees to the Audit Committee Meetings.

4. Remuneration Committee

The Board of Directors has constituted a Remuneration Committee to determine the remuneration payable to the Managing Director taking into account their qualification, experience, contribution and the prevailing level of remuneration in companies of corresponding size and nature.

5. Shareholders Grievance Committee

The committee has the mandate to review, redress shareholders' grievances, to approve all share transfers.

a. The functions of the Shareholders' grievance committee include the following:-

- Transfer /transmission of shares,
- Issue of duplicate share certificates,
- Review of shares dematerialized and all other related matters,
- Monitors expeditious redressal of investors' grievances,
- Non receipt of Annual report,
- All other matters related to shares.

The Chairman of the Committee is an Independent Non- Executive Director.

b. Size and Composition:-

The Company constituted Shareholders Grievance Committee in to specifically look into the redressal of the shareholders grievances and also the share transfers and other investor related matters.

The Committee consists of Mr. Himanshu K. Shah – Chairman (He is Promoter & Executive) and Mr. Mahadev P. Desai and Mr. Dilip K. Thakker - Members. Mr. Dilip Shah – Director has been designated as the Compliance Officer.

c. Meeting of the Shareholders' grievance committee Meetings:-

During the accounting year 2007-08, fourteen Shareholders' grievance committee Meetings were held on 01/06/2007, 16/06/2007, 16/07/2007, 01/08/2007, 01/09/2007, 16/10/2007, 02/11/2007, 1/12/2007, 17/12/2007, 2/01/2008, 2/02/2008, 16/02/2008, 03/03/2008 and 17/03/2008.

During the accounting year ended March 31, 2008, 16 complaints were received from shareholders, all of which have been attended/ resolved as of date. All valid share transfers received during the accounting year ended March 31, 2008 have been acted upon. There were five share transfers pending as on March 31, 2008, for more than 30 days.



6. General Body Meetings

The particulars of last four (three) Annual General Meetings are as under:-

| Financial Year | Day and Date | Location | Time |
|----------------|-----------------------------|--|------------|
| 2002-2003 | Tuesday September 30, 2003 | 7-A, Nusser House, Ground Floor, Opp. Panchratna Building, Opera House, Mumbai- 400 004. | 3.00P.M. |
| 2003-2004 | Thursday September 30, 2004 | 7-A, Nusser House, Ground Floor, Opp. Panchratna Building, Opera House, Mumbai- 400 004. | 10.00 A.M. |
| 2004-2005 | Friday September 30, 2005 | 7-A, Nusser House, Ground Floor, Opp. Panchratna Building, Opera House, Mumbai- 400 004. | 10.00A.M. |
| 2005-2006 | Saturday September 30, 2006 | 7-A, Nusser House, Ground Floor, Opp. Panchratna Building, Opera House, Mumbai- 400 004. | 2.30P.M. |
| 2006-2007 | September 25, 2007 | Vanitavishram, 392, S V P Road, Prathana Samaj, Mumbai-400004. | 3.30 P.M |

Whether any Special Resolution was passed in the previous three AGMs? No.

7. Disclosures

- The related party transactions as per Accounting Standard 18 is set out at note no. k of Schedule "J" in notes forming part of accounts in the Annual Report. These transactions are not likely to have any conflict with the Company's interest.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to capital markets and no penalties / strictures were imposed on the Company during the last three years.
- No penalty has been imposed on the Company by the Stock Exchange (BSE) or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during last three years.
- There were no transfers to Investor Education and protection fund during the year.
- Adoption of non mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

8. Code of Conduct:-

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The Code is reviewed from time to time by the Board. The said Code has been communicated to the Directors and the Members of the Senior Management.

9. Trading in the Company's shares by Directors and Designated Employees:-

In compliance with the SEBI (Prevention of Insider Trading) Regulations, 1992, our Company has appointed Mr. Dilip Shah as the Compliance Officer who is responsible for setting policies; procedures for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has adopted a Code of Conduct for Prevention of Insider Trading.



10. Means of Communication:

- The quarterly and half-yearly results of the Company are published in English and Marathi National dailies.
- The Management Discussion and Analysis Report forms a part of this Annual Report, which is sent to each member by post.
- The Company informs the Stock Exchange all price sensitive matters or such other matters which are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

11. General Shareholder Information:

a. Annual General Meeting

- Date : September 29, 2008
- Time : 2.30 P.M
- Venue : Vanitavishram, 392, S V P Road, Prathana Samaj, Mumbai – 400004.

b. Financial Calendar :

- Financial Reporting for

| | |
|---|---------------------|
| Quarter ending June 30,2008 | July 30, 2008 |
| Quarter/Half year ending Sept. 30; 2008 | By end October 2008 |
| Quarter ending December 31 , 2008 | By end January 2009 |
| Quarter/Year ending March 31, 2009 | By end April 2009 |

- Date of Book Closure : Sept.22, 2008 to Sept. 29, 2008 (both days inclusive).

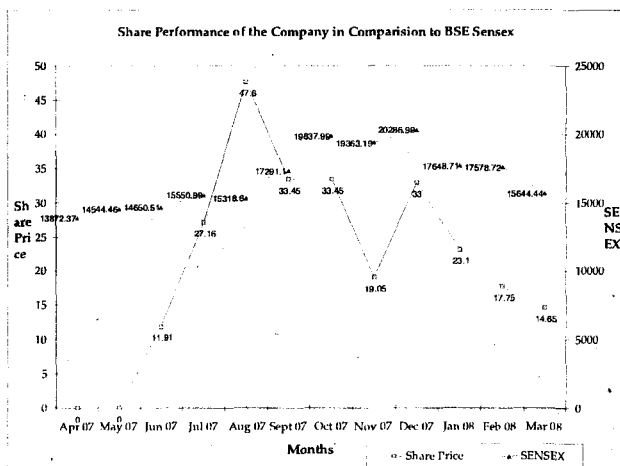
c. Market information

- Listing on Stock Exchange : The Stock Exchange, Mumbai.
- Listing fee for the year 2007-08 has been paid to the Stock Exchange.
- Stock Code : 523373 on The Stock Exchange, Mumbai
- ISIN No.CDSL& NSDL : INE281E01010
- Market Price Data : High / Low price during each month of 2007-08 on The Stock Exchange, Mumbai and BSE SENSEX are as under:

| Month/Year | Bombay Stock Exchange Limited | | |
|-----------------|-------------------------------|-----------|-------------|
| | High (Rs.) | Low (Rs.) | Close (Rs.) |
| April, 2007 | TradingSuspended | | |
| May, 2007 | TradingSuspended | | |
| June, 2007 | 11.91 | 7.35 | 11.91 |
| July, 2007 | 27.16 | 12.50 | 27.16 |
| August, 2007 | 55.30 | 28.50 | 47.60 |
| September, 2007 | 45.25 | 33.45 | 33.45 |
| October, 2007 | 31.80 | 22.40 | 33.45 |
| November, 2007 | 22.50 | 14.30 | 19.05 |
| December, 2007 | 36.65 | 19.00 | 33.00 |
| January, 2008 | 34.65 | 21.30 | 23.10 |
| February, 2008 | 23.15 | 17.60 | 17.75 |
| March, 2008 | 18.60 | 12.90 | 14.65 |

Performance in comparison to BSE sensex:

| | Apr 07 | May 07 | Jun 07 | July 07 | Aug 07 | Sep 07 | Oct 07 | Nov 07 | Dec 07 | Jan 08 | Feb 08 | Mar 08 |
|-------------|----------|----------|----------|----------|---------|---------|----------|----------|----------|----------|----------|----------|
| Share Price | 0 | 0 | 11.91 | 27.16 | 47.6 | 33.45 | 33.45 | 19.05 | 33.00 | 23.10 | 17.75 | 14.65 |
| SENSEX | 13872.37 | 14544.46 | 14650.51 | 15550.99 | 15318.6 | 17291.1 | 19837.99 | 19363.19 | 20286.99 | 17648.71 | 17578.72 | 15644.44 |



a. Share transfer and other related matter

• Registrar and share transfer Agent :

For both physical & demat segments
M/s Purva Shareregistry (India) Pvt. Ltd. 33, Printing House, 28 - D Police Court Lane, Behind Old Handloom House, Fort, Mumbai - 400 001. Tel No: 23016761, 23018261 Fax No.: 22626407.

• Share Transfer System :

The shares lodged for transfer are processed by the Registrar and Transfer Agent and are approved by Shareholders Grievance Committee. Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. Similarly all requests for demat are received and processed by the Registrar

and Transfer Agents and confirmations given to the depositories within the prescribed time limit.

• Nomination Facility for Shareholding :

As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.

• Correspondence regarding Change in Address :

Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s Purva Shareregistry (India) Pvt. Ltd. 33, Printing House, 28 - D Police Court Lane, Behind Old Handloom House, Fort, Mumbai - 400 001. Tel No: 2301676, 23018261 Fax No.: 22626407

• Distribution of Share holding as on 31.3.2008

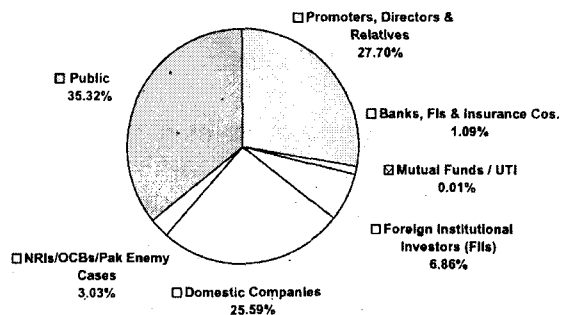
| NO. OF EQUITY SHARES HELD (1) | NO. OF SHAREHOLDERS (2) | % OF SHAREHOLDERS (3) | NO. OF SHARES HELD (4) | % OF SHARE HOLDING (5) |
|-------------------------------|-------------------------|-----------------------|------------------------|------------------------|
| UPTO 5000 | 13037 | 96.96 | 18407000 | 53.35 |
| 5001 - 10000 | 287 | 2.13 | 2366000 | 6.36 |
| 10001 - 20000 | 74 | 0.55 | 1078000 | 3.12 |
| 20001 - 30000 | 19 | 0.14 | 482000 | 1.4 |
| 30001 - 40000 | 4 | 0.03 | 134000 | 0.39 |
| 40001 - 50000 | 3 | 0.02 | 141000 | 0.41 |
| 50001 - 100000 | 7 | 0.05 | 558000 | 1.62 |
| 100001 AND ABOVE | 15 | 0.11 | 11334000 | 32.85 |
| TOTAL | 13446 | 100.00 | 3450000 | 100.00 |

Shareholding Pattern as on 31.3.2007

| Category | No. of Shares held | Percentage to total (%) |
|---|--------------------|-------------------------|
| a. Promoters, Directors & Relatives | 1062100 | 30.79 |
| b. Mutual Funds / UTI | 0 | 0.00 |
| c. Banks, FIs & Insurance Cos. | 0 | 0.00 |
| d. Foreign Institutional Investors (FIIs) | 0 | 0.00 |
| e. Domestic Companies & Bodies Corporate | 54813 | 1.59 |
| f. NRIs/OCBs | 21200 | 0.61 |
| g. Public | 2311887 | 67.01 |
| Total | 3450000 | 100 |



SHAREHOLDING PATTERN AS ON 31ST MARCH, 2008:



- **Dematerialisation of Shares :** The shares of the Company can be held and traded in electronic form 4.39 % (151513 no. of shares) of the Company's share holdings have been dematerialized in CDSL and 19.37% (668287 no. of shares) of the Company's share holdings have been dematerialized in NSDL as on 31.3.2007.
- **Outstanding GDRs/ ADRs/ Warrants or any convertible Instrument, conversion date and likely impact on equity.:** Nil
- **Address for Correspondence :** 7-A, Nussar House, Ground Floor, Opp. Panchratna Building, Opera House, Mumbai-400 004.

COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

Company Secretary's Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement (s)

The Members,
Mini Diamonds (India) Limited

We have examined the compliance of conditions of Corporate Governance by Mini Diamonds (India) Limited for the year ended 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, 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 further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Pramod S. Shah & Associates

Practicing Company Secretaries

Sd/-

Pramod S. Shah
CP No. 3804

Place: Mumbai
Date : June 30, 2008

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March 2007.

For MINI DIAMONDS (INDIA) LIMITED

Sd/-

Upendra N. Shah
Chairman & Managing Director

Place: Mumbai
Date : June 30, 2008



CHIEF EXECUTIVE OFFICER (CEO) and CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Upendra N. Shah, Chairman & Managing Director and Mr. Dilip Shah, Director & Compliance Officer, of MINI DIAMONDS (INDIA) LIMITED, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, fairly present in all material respects, the financial condition, results of the operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have :
 - a. designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities particularly during the period during which this report is being prepared; and
 - b. evaluated the effectiveness of the company's disclosure, controls and procedures.
6. The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing equivalent functions):
 - a. all significant deficiencies in the design or operation of internal controls , which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in internal controls;
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls;
 - c. the company's other certifying officers and we, have indicated in this report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness; and
 - d. all significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
7. In the event of any materially significant misstatements or omissions, the signing officers will return to the Company that part of any bonus or incentive or equity –based compensation, which was inflated on account of such errors, as decided by the Audit Committee;
8. We affirm that we have not denied any personnel access to the Audit Committee of the Company;
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Chairman & Managing Director

Director & Compliance Officer

Place : Mumbai

Date: June 30, 2008



AUDITOR'S REPORT

To,
The Members of Mini Diamonds (India) Ltd.,

We have audited the attached Balance Sheet of Mini Diamonds (India) Ltd. as at 31st March, 2008 and the Profit and Loss account for the year ended on that date. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows :

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order') issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) As per information and explanations given to us, none of the Directors of the company are disqualified from being appointed as a Director under clause 'g' of subsection (1) of section 274 of Companies Act, 1956.
 - f) 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 Company's Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and subject to:

Non provision of it's obligation under the defined benefit plan viz: Gratuity in accordance with Accounting Standard 15 (revised 2005) "Employee Benefits" issued by the Institute of Chartered Accountants of India.

give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2008; and
 - ii) in the case of Profit and Loss Account, of the profit of the company for the year ended on that date
 - iii) in the case of Cash Flow Statement of the cash flows for the year ended on that date

For V. A. Parikh & Associates
Chartered Accountants

(Jinesh J. Shah)
Partner

Place : Mumbai
Date : June 27, 2008



ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date :

- i)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the assets have been physically verified by the management which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.**
 - c) The Company has not disposed off any fixed assets during the year.**
- ii)
 - a) As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) In our opinion and according to the information and explanation given to us and based on our examination of the records of inventories, the Company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material.
- iii)
 - a) The Company has not granted any loan (secured or unsecured) to companies, firms or other parties covered in the register maintained under Section 301 of the Act. In view of this sub clause (b) , (c) , and (d) of this clause are not applicable.
 - e) The Company has taken unsecured loan from a firm covered in the register maintained under Section 301 of the Act. The number of parties involved is one, the aggregate loan amount is Rs. 15,685,000/- and year end balance is Rs. 5,510,000/-. The loans taken are unconditional and interest free, in view of this sub clause (f) and (g) of this clause are not applicable.
- iv) There is an adequate internal system commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services.
- v)
 - a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 have been properly entered in the said register.
 - b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956, in our opinion, have been made at reasonable prices having regard to the prevailing market prices.
- vi) The Company has not accepted any deposits from the public.
- vii) The Company, in our opinion, has an internal audit system commensurate with size and nature of the business.
- viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- ix)
 - a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Customs Duty, Cess and other statutory dues with appropriate authorities, excepting it's dues under The Maharashtra State Tax on Professions, Trades Callings & Employments Act, 1975. According to the information and explanations given to us, following



undisputed amounts payable have remained outstanding as at 31st March, 2008 for a period more than six months from the date they became payable:

| Name of the Statute | Nature of Dues | Amount (Rs.) | Period | Due Date |
|---|--|--------------|-------------------------|-------------|
| The Maharashtra State Tax on Professions, Trades Callings & Employments Act, 1975 | Profession Tax deducted from salary payments | 3,300/- | Financial Year: 2006-07 | March 31'07 |

- b) According to the records of the Company no statutory dues are payable which has not been deposited on account of disputes.
- x) The company has not incurred any cash loss in the financial year under report or in the immediately preceding financial year.
- xi) Since the Company has not taken any loan from any bank or financial institution, provision of clause (xi) are not applicable to the Company..
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any Special Statute applicable to the Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- xiv) The Company is not a dealer or trader in Shares.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans.
- xvii) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised any short term funds.
- xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) On the basis of our examination and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.

For V. A. Parikh & Associates
Chartered Accountants

Place : Mumbai
Date : June 27, 2008

(Jinesh J. Shah)
Partner
Membership No. 111155



BALANCE SHEET AS AT 31.03.2008

| PARTICULARS | SCH. NO. | AS AT 31.03.2008 | AS AT 31.03.2007 |
|---|----------|----------------------|----------------------|
| I. SOURCES OF FUNDS :- | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | A | 34,500,000.00 | 34,415,000.00 |
| (b) Reserves & Surplus | | 1,682,185.25 | 157,384.99 |
| (2) Loan Funds | B | | |
| (a) Secured Loans | | - | - |
| (b) Unsecured Loans | | 5,510,000.00 | - |
| (3) Deferred Tax Liability | | 68,116.00 | 71,845.00 |
| TOTAL | | 41,760,301.25 | 34,644,229.99 |
| II. APPLICATION OF FUNDS :- | | | |
| (1) Fixed Assets | C | | |
| (a) Gross block | | 4,244,400.00 | 4,163,210.00 |
| (b) Less : Depreciation | | 3,398,486.00 | 3,358,025.00 |
| (c) Net block | | 845,914.00 | 805,185.00 |
| (2) Investments | | - | - |
| (3) Deferred Tax Asset | | 129,549.00 | - |
| (4) Current Assets, Loans & Advances | D | | |
| (a) Inventories | | 63,798,170.00 | 26,439,248.00 |
| (b) Sundry Debtors | | 105,811,444.71 | 78,802,697.60 |
| (c) Cash & Bank Balance | | 485,187.35 | 451,934.43 |
| (d) Loans, Advances & Deposits | | 6,978,504.00 | 3,415,499.00 |
| | | 177,073,306.06 | 109,109,379.03 |
| Less : | | | |
| Current Liabilities & Provisions | E | | |
| (a) Liabilities | | 132,864,745.81 | 72,672,334.04 |
| (b) Provisions | | 3,423,722.00 | 2,598,000.00 |
| | | 136,288,467.81 | 75,270,334.04 |
| Net Current Assets | | 40,784,838.25 | 33,839,044.99 |
| TOTAL | | 41,760,301.25 | 34,644,229.99 |

Significant Accounting Policies and Notes to Accounts as per Schedule 'J'
This is the Balance Sheet referred to in our report of even date.

For V. A. Parikh & Associates
Chartered Accountants

(Jinesh J. Shah)
Partner
Membership No : 111155

Place : Mumbai
Date : June 27, 2008

For Mini Diamonds (India) Limited

Director Director


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

| INCOME | SCH. NO. | CURRENT YEAR | PREVIOUS YEAR |
|---|----------|-----------------------|----------------------|
| Sales | | | |
| Rough Diamonds Exports | | 2,679,000.00 | - |
| Cut & Polished Diamonds Exports (incl. exchange difference) | | 203,630,671.01 | 82,474,210.00 |
| Deemed exports Local | | 1,805,089.00 | 2,012,170.00 |
| | | <u>208,114,760.01</u> | <u>85,266,885.00</u> |
| Less : Cost of Goods Sold | F | 202,052,888.00 | 80,878,728.00 |
| Gross Profit | | 6,061,872.01 | 4,388,157.00 |
| Other Incomes | | | |
| Interest Received | | 156.00 | 313.00 |
| Sundry Balances w/off | | - | 39,510.00 |
| | | <u>6,062,028.01</u> | <u>4,427,980.00</u> |
| Administrative Expenses | G | 2,422,118.77 | 1,294,876.80 |
| Selling & Distribution Expenses | H | 852,195.00 | 264,527.00 |
| Financial Expenses | I | 506,333.98 | 161,321.70 |
| Depreciation | | 40,461.00 | 37,226.00 |
| | | <u>2,240,919.26</u> | <u>2,670,028.50</u> |
| Profit Before Tax | | 2,240,919.26 | 2,670,028.50 |
| Fringe Benefit Tax w/off | | 3,825.00 | - |
| Interest on TDS | | - | 5,450.00 |
| | | <u>2,237,094.26</u> | <u>2,664,578.50</u> |
| Provision for tax | | | |
| Current Tax | | 825,722.00 | 428,000.00 |
| Deferred Tax | | (133,278.00) | 9,438.00 |
| Fringe Benefit Tax | | 19,850.00 | 5,070.00 |
| | | <u>1,524,800.26</u> | <u>2,222,070.50</u> |
| Profit After Tax | | 1,524,800.26 | 2,222,070.50 |
| Balance Brought forward | | 157,384.99 | (2,064,685.51) |
| | | <u>1,682,185.25</u> | <u>157,384.99</u> |
| Balance Carried Forward | | 1,682,185.25 | 157,384.99 |
| Earnings per share Basic & Diluted | | 0.44 | 0.64 |

Significant Accounting Policies and Notes to Accounts as per Schedule 'J'
This is the Balance Sheet referred to in our report of even date.

For V. A. Parikh & Associates
Chartered Accountants

For Mini Diamonds (India) Limited

(Jinesh J. Shah)
Partner
Membership No : 111155

Director

Director

Place : Mumbai
Date : June 27, 2008



Schedules forming part of the Balance Sheet as at 31.03.2008
and Profit & Loss Account for the year ended at 31.03.2008

Schedule : A : Share Capital

| Particulars | As at 31.03.2008 | As at 31.03.2007 |
|--|----------------------|----------------------|
| Authorised Share Capital | | |
| 35,00,000 Equity shares of Rs. 10/- each. | 35,000,000.00 | 35,000,000.00 |
| Issued & Subscribed | | |
| 34,50,000 Equity Shares of Rs, 10/- each (Previous year 34,50,000) | 34,500,000.00 | 34,500,000.00 |
| Paid up | | |
| 34,50,000 Equity Shares of Rs, 10/- each (Previous year 34,50,000 Equity Shares of 10/- each) | 34,500,000.00 | 34,500,000.00 |
| Less: Calls in Arrears | - | 85,000.00 |
| TOTAL | 34,500,000.00 | 34,415,000.00 |

Schedule : B : Loan Funds

| Particulars | Particulars Current Year in Rs. | Figures for In Rs |
|--------------------------|---------------------------------------|----------------------|
| Secured Loans : | | |
| Unsecured Loans : | | |
| Ronish Gems | 5,510,000.00 | 5,510,000.00 |
| TOTAL | 5,510,000.00 | 5,510,000.00 |

Schedule : C : Fixed Assets

| Name Of The Asset | Opening Bal. As On 01.04.07 | Addition During The Year | Deductions During The Year | Closing Bal. As On 31.03.08 | Opening Bal. As On 01.04.07 | Addition During The Year | Adjustments During The Year | Closing Bal. As On 31.03.08 | Rate Of Depn | As On 31.03.2008 | As On 31.03.2007 |
|-------------------------|-----------------------------------|--------------------------------|----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-----------------|---------------------|---------------------|
| BLOCK I | | | | | | | | | | | |
| Plant & Machinery | 3,200,363.00 | - | - | 3,200,363.00 | 2,996,472.00 | 28,361.00 | - | 3,024,833.00 | 13.91% | 175,530.00 | 203,891.00 |
| Typewriter | 14,663.00 | - | - | 14,663.00 | 13,401.00 | 176.00 | - | 13,577.00 | 13.91% | 1,086.00 | 1,262.00 |
| Telephone System | 133,200.00 | - | - | 133,200.00 | 116,360.00 | 2,342.00 | - | 118,702.00 | 13.91% | 14,498.00 | 16,840.00 |
| Fax Machine | 13,840.00 | - | - | 13,840.00 | 10,191.00 | 508.00 | - | 10,699.00 | 13.91% | 3,141.00 | 3,649.00 |
| Air Conditioner | - | 26,200.00 | - | 26,200.00 | - | 2,260.00 | - | 2,260.00 | 13.91% | 23,940.00 | - |
| BLOCK II | | | | | | | | | | | |
| Furniture & Fixture | 84,318.00 | - | - | 84,318.00 | 80,929.00 | 613.00 | - | 81,542.00 | 18.10% | 2,776.00 | 3,389.00 |
| BLOCK III | | | | | | | | | | | |
| Computer | 140,700.00 | 54,990.00 | - | 195,690.00 | 140,672.00 | 6,201.00 | - | 146,873.00 | 40.00% | 48,817.00 | 28.00 |
| Machinery not Installed | 576,126.00 | - | - | 576,126.00 | - | - | - | - | 0.00% | 576,126.00 | 576,126.00 |
| TOTAL | 4,163,210.00 | 81,190.00 | - | 4,244,400.00 | 3,358,025.00 | 40,461.00 | - | 3,398,486.00 | | 845,914.00 | 805,185.00 |

For Mini Diamonds (India) Limited

Director

Director

21ST ANNUAL REPORT 2007-2008



Schedule : D : Current Assets, Loans & Advances

| Particulars | As at 31.03.2008 | As at 31.03.2007 |
|--|-----------------------|-----------------------|
| Inventories :- | | |
| Cut & Polished Diamonds | 22,575,210.00 | 971,491.00 |
| Rough Diamonds | 41,144,265.00 | 25,389,062.00 |
| Rough Rejection Diamonds (Quantity as taken , valued and certified by Director) | 78,695.00 | 78,695.00 |
| A | 63,798,170.00 | 26,439,248.00 |
| Sundry Debtors :- (unsecured and considered good) | | |
| For more than six months | | |
| Diasqua (HK) | - | 9,711,773.00 |
| Diasqua S' pore Pte Ltd | - | 8,233,236.00 |
| Elegant Diamonds LLC | - | 3,163,603.00 |
| Flawless (HK) Company | - | 6,604,857.00 |
| M/s Mark Uni Gems (HK) | - | 7,182,790.00 |
| Precious Trades | - | 7,988,971.00 |
| R M C Gems HK Co | - | 2,111,876.00 |
| Simi Diam Limited | - | 15,633,834.00 |
| U S Synthetic Co | - | 2,548,096.00 |
| K.G. K. Enterprises | 24,993.95 | 24,993.95 |
| Goldstar Jewellery - Trading Unit | 125,150.00 | 125,150.00 |
| Pink Star | 14,422.35 | 14,422.35 |
| R.T. & Sons | 45,544.40 | 45,544.40 |
| For less than six months | | |
| Baan Anyamane Co. Ltd | 1,628,482.00 | - |
| Dialust Trading FZE | 19,320,254.00 | - |
| Diamonds Village | 10,812,699.00 | - |
| Diasqua Middle East LLC | 1,790,490.00 | - |
| Diamond Trading | 2,679,000.00 | - |
| Different Connection B. V. B. A. | 9,251,464.00 | - |
| JB DM Jewellery LLC | 1,464,132.00 | - |
| S and S Diamonds | 3,091,391.81 | - |
| Seth Diamonds DMCC | 3,025,751.00 | - |
| Simi Diam Ltd | 33,230,427.00 | - |
| S.R.S Diam L.L.C | 2,916,000.00 | - |
| Varniraj Exports Ltd | 14,792,109.00 | - |
| Aesh Diam | - | 2,746,170.00 |
| Reliance Traders | - | 5,056,248.00 |
| Mahavir Jewellery | - | 4,152,384.00 |
| Minideco SDN BHD, Malaysia | 1,536,044.20 | 614,103.00 |
| Sagar Exports | - | 2,844,645.90 |
| Exchange Gain/(Loss) on recasting | 63,090.00 | - |
| B | 105,811,444.71 | 78,802,697.60 |
| Cash & Bank Balance :- | | |
| In current account with | | |
| Bank Of Baroda | - | 12,751.50 |
| Bank Of India | - | 13,336.00 |
| Bank Of India (Seepz) | - | 5,228.32 |
| Central Bank of India-CA20153 | 15,000.00 | - |
| Central Bank of India | - | 64,241.05 |
| Punjab & Sind Bank | - | 8,727.21 |
| Laxmi Vilas Bank Ltd | - | 11,152.00 |
| Cash On Hand (As certified by director) | 470,187.35 | 336,498.35 |
| C | 485,187.35 | 451,934.43 |
| Loans, Advances & Deposits :- | | |
| Advances | | |
| Prepaid Expenses | 82,585.00 | 1,000.00 |
| K.N. Shah | 16,159.00 | 16,159.00 |
| Bharat Diamond Bourse | 75,000.00 | - |
| Taxes | | |
| Income Tax (A.Y. 2005-06) | 2,170,000.00 | 1,600,000.00 |
| Income Tax (AY 2007 -08) | 516,420.00 | - |
| VAT Receivable | 30,481.00 | 30,481.00 |
| Deposits | | |
| Eva Export | - | 1,300,000.00 |
| BEST | 49,120.00 | 49,120.00 |
| CBI | 5,000.00 | 5,000.00 |
| BSES | 30,000.00 | 30,000.00 |
| Ronish Gems (Rent Deposit) | 4,000,000.00 | 380,000.00 |
| Insurance | 3,739.00 | 3,739.00 |
| D | 6,978,504.00 | 3,415,499.00 |
| TOTAL (A+B+C+D) | 177,073,306.06 | 109,109,379.03 |

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Schedule : E : Current Liabilities & Provisions PARTICULARS

| | As at 31.03.2008 | As at 31.03.2007 |
|--|------------------------------|-----------------------------|
| Sundry Creditors :- | | |
| For Goods | | |
| Aarohi Diamonds | 983,193.63 | 983,193.63 |
| Aarti Gems | 13,499,805.00 | - |
| Akshit Exports | 2,765,659.00 | - |
| Diam BVBA | 2,023,609.00 | 2,023,609.00 |
| Diamond Trading NV | 5,592,779.00 | - |
| Dia-Rose DMCC | 7,745,984.00 | - |
| Jewel Diam | 1,502,465.00 | - |
| Manthan Impex Pvt. Ltd | 8,753,690.00 | - |
| Mayank Exports | 8,804,250.00 | - |
| Megha Jewels | 23,801,299.00 | - |
| Melstar Exports | 4,517,096.00 | - |
| Ram Diamonds | 9,945,300.00 | - |
| Koyna Gems | - | 7,811,637.00 |
| Mox Diam | - | 12,595,801.00 |
| Ronish Gems | 1,192,749.00 | 38,371.00 |
| Rose Impex | 5,345,093.00 | - |
| Simi Diam Ltd. | 15,264,523.00 | - |
| Subhdil Gems | 622,171.00 | - |
| Twinkle Diamonds BVBA | 706,310.00 | 706,310.00 |
| Vibha Star | 17,602,964.00 | - |
| Vijay Dimon BVBA | - | 42,817,367.00 |
| Uniquestar Gems (India) Pvt Ltd. | - | 4,775,000.00 |
| Exchange (Gain)/ Loss on recasting | (445,260.00) | - |
| A | <u>130,223,679.63</u> | <u>71,751,288.63</u> |
| Sundry Creditors :- | | |
| For expenses | | |
| Advertising Charges | 93.00 | - |
| Bright Printer | (1,170.00) | - |
| Prime Printers | 2,704.00 | - |
| Upendra N. Shah | 134,684.00 | - |
| Creation Advertisers | - | 4,207.00 |
| Chitra Kala Press | - | 12,636.00 |
| B K Freight Forwarders Pvt Ltd. | 29,771.00 | 43,561.00 |
| Jasraj Kalianji & Co | - | 5,355.00 |
| Image Advertising Services | 51,582.41 | 51,582.41 |
| Himanshu K Shah | (2,518.00) | - |
| M & V Associates | 25,130.00 | 25,130.00 |
| Nilesh Sacheti | 2,937.00 | 2,937.00 |
| Outstanding Expenses | 345,960.00 | 345,960.00 |
| Pramod S Shah & Associates | 25,261.00 | 1,202.00 |
| Printing & Stationery | 5,000.00 | 5,000.00 |
| Purva Shareregistry (India) Pvt. Ltd. | 22,000.00 | 7,163.00 |
| R T Diamonds Pvt. Ltd | 5,218.00 | 5,218.00 |
| Romish Gems | 60,000.00 | - |
| Electricity Expenses Payable | 10,021.00 | 22,693.00 |
| Sailesh R Shah | - | 16,540.00 |
| Salary Payable | 111,600.00 | 207,700.00 |
| Soham Diamonds (Surat) | 69,127.00 | 69,127.00 |
| Telephone Expenses Payable | 8,999.00 | 3,310.00 |
| V. A. Parikh & Associates | 88,099.00 | 83,354.00 |
| V. A. Parikh & Co. | 40,000.00 | - |
| B | <u>1,034,498.41</u> | <u>912,675.41</u> |
| Temporary Bank overdraft with Central Bank of India | 1,532,120.77 | - |
| Statutory Liability | | |
| Fringe Benefit Tax Payable/(Refundable) | 19,850.00 | 5,070.00 |
| MVAT Payable (F.Y: 2007-08) | 13,732.00 | - |
| Profession Tax Payable | 34,500.00 | 3,300.00 |
| TDS Payable on Professional Fees | 6,365.00 | - |
| C | <u>1,606,567.77</u> | <u>8,370.00</u> |
| Provisions | | |
| Provision for Tax (A.Y. 2004-05) | 2,170,000.00 | 2,170,000.00 |
| Provision for Tax (A.Y. 2007-08) | 428,000.00 | 428,000.00 |
| Provision for Tax (A.Y. 2008-09) | 825,722.00 | - |
| D | <u>3,423,722.00</u> | <u>2,598,000.00</u> |
| TOTAL (A+B+C+D) | <u><u>136,288,467.81</u></u> | <u><u>75,270,334.04</u></u> |

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Schedule : F : Cost of Goods Sold

| Particulars | 31.03.2008 | 31.03.2007 |
|------------------------------------|-----------------------|----------------------|
| Rough Diamonds | | |
| Opening Stock | 25,389,062.00 | - |
| Add : Purchases | | |
| Local | 20,888,868.00 | 12,098,423.00 |
| Imports | 43,477,984.00 | 52,119,098.00 |
| (incl. exchange difference) | | |
| | <u>89,755,914.00</u> | <u>64,217,521.00</u> |
| | 89,755,914.00 | 64,217,521.00 |
| Less : Closing Stock | <u>41,144,265.00</u> | <u>25,389,062.00</u> |
| | 48,611,649.00 | 38,828,459.00 |
| Cost of Goods sold | <u>2,679,000.00</u> | - |
| Material Consumed | 45,932,649.00 | 38,828,459.00 |
| Add : Manufacturing Expenses | | |
| Manufacturing Wages | <u>1,512,000.00</u> | <u>965,400.00</u> |
| Cost of Goods Manufactured | <u>47,444,649.00</u> | <u>39,793,859.00</u> |
| Polished Diamonds | | |
| Opening stock | 971,491.00 | - |
| Add : Purchases | <u>173,532,958.00</u> | <u>42,056,360.00</u> |
| | 174,504,449.00 | 42,056,360.00 |
| Add : Manufactured during the year | <u>47,444,649.00</u> | <u>39,793,859.00</u> |
| | 221,949,098.00 | 81,850,219.00 |
| Less : Closing Stock | <u>22,575,210.00</u> | <u>971,491.00</u> |
| Cost of Goods Sold | <u>199,373,888.00</u> | <u>80,878,728.00</u> |

Schedule : G : Administrative Expenses

| | | |
|-----------------------------------|---------------------|---------------------|
| NSDL Fees | 2,622.00 | - |
| Audit fees | 56,180.00 | 44,944.00 |
| Stock Exchange- Reinstatement Fee | 240,000.00 | - |
| CDSL Fees | 4,494.00 | 4,490.00 |
| Conveyance | 81,294.06 | 6,082.00 |
| Directors Remuneration | 480,000.00 | 264,000.00 |
| Electricity Charges | 158,525.00 | 78,740.00 |
| Filing Fees | - | 5,500.00 |
| Legal & Professional Charges | 324,336.00 | 89,368.00 |
| Listing Fees | 10,000.00 | 10,000.00 |
| Membership & Subscription | 1,000.00 | 1,000.00 |
| Salary | 432,000.00 | 407,100.00 |
| Staff Welfare | 21,546.00 | 1,020.00 |
| Postage Expenses | 103,883.00 | 70,993.00 |
| Printing & Stationery | 50,244.00 | 38,169.00 |
| Factory Compensation | 240,000.00 | 120,000.00 |
| Telephone Expenses | 120,455.81 | 95,308.80 |
| Transfer Fees | 66,594.00 | 25,540.00 |
| Miscellaneous Expenses | 28,944.90 | 32,622.00 |
| TOTAL | <u>2,422,118.77</u> | <u>1,294,876.80</u> |

Schedule : H : Selling & Distribution Expenses

| | | |
|-------------------------------|-------------------|-------------------|
| Advertisement Expenses | 19,279.00 | 16,861.00 |
| Brokerage | 164,018.00 | 110,368.00 |
| Travelling Exp. | 306,150.00 | - |
| Grading Chgs | 11,054.00 | - |
| Sales Promotion | 68,750.00 | 18,900.00 |
| Clearing & Forwarding Charges | 282,884.00 | 118,388.00 |
| Sales Tax | 60.00 | 10.00 |
| TOTAL | <u>852,195.00</u> | <u>264,527.00</u> |

Schedule : I : Financial Expenses

| Particulars | 31.03.2008 | 31.03.2007 |
|---------------------------|-------------------|-------------------|
| Bank Interest | 122,373.00 | - |
| Bank Commission & Charges | 383,960.98 | 161,321.70 |
| TOTAL | <u>506,333.98</u> | <u>161,321.70</u> |



Schedule :J :

Notes annexed to and forming part of the Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended on that date.

I - Significant Accounting Policies & Notes To Accounts

1. Significant Accounting Policies

a) **AS – 1 Disclosure of Accounting Policies**

The financial statements have been prepared using mercantile system of accounting under the historical cost convention on a going concern basis. It recognizes significant items of income and expenditure on accrual basis.

b) **AS – 2 Valuation of Inventories**

Rough Diamonds & Cut and Polished Diamonds have been valued as under:

Where stocks can be identified:

At cost or net realizable value whichever is lower.

Where the stocks are mixed:

At technically evaluated cost or net realizable value whichever is lower.

Rough Rejection Diamonds have been valued at it's net realizable value.

As the physical verification, examination and valuation of diamonds involving visual appraisal etc. are technical in nature, the same are fully relied upon by us on the management. According to the management, except where the stock is valued at actual cost the values assigned are the fairest possible approximations to the cost incurred or its net realizable value.

c) **AS – 4 Contingencies & Events occurring after the Balance Sheet Date**

There were no events occurring after the Balance Sheet date.

d) **AS – 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies**

No prior period items and extraordinary items were noticed during the course of audit.

e) **AS – 6 Depreciation Accounting**

Depreciation has been provided under the written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956. In respect of the assets added/ sold during the year pro-rata depreciation has been provided.

f) **AS – 9 Revenue Recognition**

The income of the company, derived from sale of Cut & Polished Diamonds including exchange fluctuation on exports, is recognized on the completion of sale with the passing of the title.

g) **AS – 10 Accounting for Fixed Assets**

Fixed assets are stated at cost of acquisition to the company including expenditure incurred up to the date the asset is put to use.

h) **AS – 11 Accounting for the effects of changes in Foreign exchange rates**

Transactions denominated in foreign currencies are normally recorded at the Exchange rate prevailing as on the date of transaction.

Monetary items denominated in foreign currencies at the year-end and not covered by forward contract are translated at year-end rate.

Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is adjusted to the profit and loss account.



i) **AS – 16 Borrowing Cost**

Interest & commitment charges on borrowings granted by the banks and interest on loans obtained from other parties are recognised in the Profit & Loss Account. No amounts of borrowing costs have been capitalised during the year.

j. **AS – 17 Segmental Reporting**

Primary Segment

Company has only one primary reportable segment viz Diamonds.

Secondary Segment

Details as per Geographic Region

| Region | Region wise Sales In Rs. |
|---------------------|--------------------------|
| USA | 14,64,132.00 |
| Malayasia | 70,47,827.00 |
| Belgium | 2,51,53,556.00 |
| Germany | 44,21,354.00 |
| Hongkong | 9,68,18,165.00 |
| Thailand | 1,00,24,267.00 |
| Dubai | 5,95,89,301.00 |
| Canada | 55,99,337.81 |
| Israel | 22,78,952.00 |
| Local | 18,05,089.00 |
| Exchange Difference | (60,87,221.00) |
| TOTAL | 20,81,14,760.01 |

Segment Reporting and Related Information requires that an enterprise report a measure of total assets for each reportable segment. The fixed assets and inventories used in the company's business are not identifiable to any particular reportable segment and can be used interchangeably among geographical segments. Consequently, management believes that it is not practical to provide segment disclosures relating to total assets since a realistic analysis among the various geographic segments is not possible.

| Sr No. | Related Party | Nature of Transactions | Amount (In Rs) | Amount outstanding at the year end (In Rs) |
|--------|--|--|--------------------------------|--|
| 1 | Key Management Personnel- Upendra N Shah | • Remuneration | 4,80,000/- | NIL |
| 2 | Firm in which relative of Key Management Personnel is a Partner- M/s Ronish Gems | • Compensation for use of Factory Premises | 2,40,000/- | 60,000/- |
| | | • Purchases | 23,24,378/- | 1,192,749/- |
| | | • Loan Taken & (Loan Repaid) | 15,685,000/- (10,175,000/-) | 5,510,000/- |
| | | • Rent Deposit Given | 3,620,000/- | 4,000,000/- |



| Key Management Personnel | Relatives of Key Management Personnel | Associate Concerns |
|--------------------------|---------------------------------------|--------------------|
| Upendra Shah | Ronish Shah | Ronish Gems |
| Himanshu K. Shah | Sheetal Shah | |
| Mahadev P. desai | | |
| Dilip K. Thakkar | | |
| Vikas U. Nayak | | |
| Dilip J. Shah | | |

j. AS – 22 Accounting for Taxes on Income

Current Tax is determined as the amount of tax payable in respect of taxable income for the year after considering various reliefs admissible under provisions of the Income Tax Act, 1961.

The deferred tax for timing difference between the book profit and the tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date.

m. AS – 28 Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

n. AS -29 Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will not require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to Accounts

- Exchange Difference (Net), being Gain/(Loss), arising on exchange rate fluctuation included in Profit & Loss Account ₹ Rs. (44.13) lacs [Previous Year : Rs. (1.1) lacs]
- There are no Micro & Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31ST March, 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- In the absence of Confirmation of balances, Debtors, Creditors and Loans and Advances are taken as per Books of Accounts and are subject to reconciliation, if any.
- In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated if realized in the ordinary course of Business.



The breakup of Deferred Tax Assets & Liabilities into its major components at the year end is as follows :

| Particulars | Amount (Rs) |
|---|-------------|
| Opening Balance as on 01.04.07 | 71,845.00 |
| Tax effect of timing difference arising on account of • Depreciation | (3,729.00) |
| Deferred Tax Liability (NET) as on 31.03.08 | 68,116.00 |

Deferred Tax Asset

| Particulars | Amount (Rs) |
|---|-------------|
| Opening Balance as on 01.04.07 | - |
| Tax effect of timing difference arising on account of • Item u/s 40(a)(ia) | 129,549.00 |
| Deferred Tax Asset (NET) as on 31.03.08 | 129,549.00 |

7. Earning Per Share

| Particulars | 2007-2008 | 2006-2007 |
|-------------------------------------|--------------|--------------|
| Profit After Tax | 1,524,800.26 | 2,222,070.50 |
| Number of Equity Shares | 3,450,000 | 3,450,000 |
| Nominal Value per Equity Share(Rs.) | 10 | 10 |
| Earning Per Share (Basic) (Rs.) | 0.44 | 0.64 |

2 Quantitative Details :

| Cut & Polished Diamonds | 2007-08 | | 2006-07 | |
|-------------------------|-----------------------|--------------------|-----------------------|--------------------|
| | Quantity (In Cts.) | Amount (In Rs.) | Quantity (In Cts.) | Amount (In Rs.) |
| Opening Stock | 248 | 971,491 | - | - |
| Purchases | 26,632 | 173,532,958 | 9,082 | 42,056,360 |
| Production | 5,693 | 47,444,649 | 4,914 | 39,793,859 |
| Sales | 31,498 | 205,435,760 | 13,748 | 85,266,885 |
| Closing Stock | 1,075 | 22,575,210 | 248 | 971,491 |

| Rough Diamonds | 2007-08 | | 2006-07 | |
|----------------|-----------------------|--------------------|-----------------------|--------------------|
| | Quantity (In Cts.) | Amount (In Rs.) | Quantity (In Cts.) | Amount (In Rs.) |
| Opening Stock | 13,259 | 25,389,062 | - | - |
| Purchases | 64,948 | 64,366,852 | 28,101 | 64,217,521 |
| Sales | 334 | 2,679,000 | - | - |
| Consumption | 18,243 | 45,932,649 | 14,842 | 38,828,459 |
| Closing Stock | 59,629 | 41,144,265 | 13,259 | 25,389,062 |

a) C.I.F. Value of Imports

| | 2007-08 | 2006-07 |
|--------------|------------|------------|
| Raw Material | 45,151,392 | 52,874,278 |

b) Value of Raw material Consumed

| | 2007-08 | 2006-07 |
|------------|----------------------|----------------------|
| Indigenous | 14,698,448 32.00% | 12,098,423 31.16% |
| Imported | 31,234,201 68.00% | 26,730,036 68.84% |

c) Earning in Foreign Exchange

| | 2007-08 | 2006-07 |
|----------------------|-------------|------------|
| Exports on FOB basis | 212,396,892 | 85,276,621 |



d) Auditor's Remuneration

| | 2007-08 | 2006-07 |
|---------------|---------|---------|
| As Auditor | 56,180 | 44,944 |
| Other Matters | - | - |

- 3 The company is not a licensed undertaking and hence details of licensed installed capacity have not been given.
- 4 The company has not employed any person whose salary payable exceeds Rs. 24,00,000/- per annum employed through out the year or Rs.2,00,000/- per month employed for the part of the year. Hence, no additional details are provided under section 217(2A) of the Companies Act.
- 5 Previous year's figures have been regrouped and rearranged wherever necessary.
- 6 Information pursuant to part IV Schedule VI to the companies Act, 1956.

a) Registration Details :

Registration No. 96116
 State Code 11
 Balance Sheet Date 31st March 2008

b) Capital raised during the year NIL

c) Position of mobilization and deployment of funds (In Rs.)

| | 2007-08 | 2006-07 |
|-----------------------------|------------|------------|
| TOTAL LIABILITIES | 41,760,301 | 34,644,230 |
| <u>Sources of Funds</u> | | |
| Paid up Capital | 34,500,000 | 34,415,000 |
| Reserves & Surplus | 1,682,185 | 157,385 |
| Secured Loan | - | - |
| Unsecured Loan | 5,510,000 | - |
| Deferred Tax Liability | 68,116 | 71,845 |
| TOTAL ASSETS | 41,760,301 | 34,644,230 |
| <u>Application of Funds</u> | | |
| Net Fixed Assets | 845,914 | 805,185 |
| Investments | - | - |
| Deferred Tax Assets | 129,549 | - |
| Net Current Assets | 40,784,838 | 33,839,045 |
| Misc. Expenditure | - | - |
| Profit & Loss A/c | - | - |

d) Performance of the company (In Rs.)

| | 2007-08 | 2006-07 |
|-------------------------|-------------|------------|
| Turnover / Other Income | 208,114,916 | 85,306,708 |
| Total Expenditure | 205,873,997 | 82,636,680 |
| Profit Before Tax | 2,240,919 | 2,670,029 |
| Profit After Tax | 1,524,800 | 2,222,071 |
| No. of Equity Shares | 3,450,000 | 3,450,000 |
| Earnings Per Share | 0.44 | 0.64 |
| Dividend Rate | - | - |

e) Generic names of principal products, services of the company

Item Code No. 710239.10
 Products Description Cut & Polished Diamonds

For V. A. Parikh & Associates
 Chartered Accountants

For Mini Diamonds (India) Limited

(Jinesh J. Shah)
 Partner
 Membership No : 111155
 Place : Mumbai
 Date : June 27, 2008

Director

Director



CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2008

| PARTICULARS | March 31, 2008 (In Rs) | March 31, 2007 (In Rs) |
|---|---------------------------|---------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extra-ordinary items | 2,240,919 | 2,664,579 |
| Adjustments for: | | |
| Depreciation | 40,461 | 37,226 |
| Interest Received | (156) | (313) |
| Operating profit before working capital changes | 2,281,224 | 2,701,492 |
| Adjustments for: | | |
| Inventories | (37,358,922) | (26,360,553) |
| Receivables | (27,008,747) | (13,944,861) |
| Loans & Advances | (2,476,585) | 189,519 |
| Current Liabilities | 60,177,632 | 38,486,854 |
| Cash generated from/(used in) operations | (4,385,398) | 1,072,450 |
| Taxation | (1,095,315) | (1,305,120) |
| Cash flow before extraordinary items | (5,480,713) | (232,670) |
| Extraordinary items | - | - |
| Net cash from/ (used in) operating activities | (5,480,713) | (232,670) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Interest Received | 156 | 313 |
| Fixed Assets Purchased | (81,190) | - |
| Net Cash from / (used in) investing activities | (81,034) | 313 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Call in arrears | 85,000 | - |
| Loan Taken. | 5,510,000 | - |
| Net cash from/ (used in) financing activities | 5,595,000 | - |
| Net increase / (decrease) in cash & cash equivalents | 33,253 | (232,357) |
| Cash & cash equivalents as at 1 st April (Opening) | 451,934 | 684,291 |
| Cash & cash equivalents as at 31st April (Closing) | 485,187 | 451,934 |

For and on behalf of the Board.

Place : Mumbai

Dated :

Director

Director

AUDITOR'S REPORT

We have verified the attached Cash Flow Statement of Mini Diamonds (India) Limited, derived from audited financial statements and the books and records maintained by the company for the year ended March 31, 2008 and March 31, 2007 and found the same in agreement therewith.

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants

Place : Mumbai

Dated :

JINESH J. SHAH
Partner



PROXY FORM

MINI DIAMONDS (INDIA) LIMITED

Registered Office : 7-A, Nusser House, Ground Floor, Opp. Panchratna Building, Opera House, Mumbai- 400 004.

Membership Folio No : _____ No. of shares held : _____

I/We _____ of _____ being a member/members of MINI DIAMONDS (INDIA) LIMITED, hereby appoint _____ of _____

or failing him/her _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, September 29, 2008 at 2.30 P. M. at Vanitavishram, 392, S V P Road, Prathana Samaj, Mumbai – 400004. or at the adjournment thereof.

Signed this _____ day of _____ 2008.

Important

- a. Revenue Stamp of Rs. 1/- is to be affixed on this form.
- b. The Form should be signed across the stamp as per the specimen signature Registered with the Company.
- c. The Companies, 1956 lays down that an instrument appointing a Proxy shall be deposited at the Registered Office of the Company and not less than FORTY-EIGHT-HOURS before the time fixed for the Meeting,
- d. A proxy need not be a Member.

ATTENDANCE SLIP

MINI DIAMONDS (INDIA) LIMITED

Registered Office : 7-A, Nusser House, Ground Floor, Opp. Panchratna Building, Opera House, Mumbai- 400 004.
(Please complete this Attendance Slip and hand it over at the entrance of the meeting hall)

I hereby record my presence at the Twenty One Annual General Meeting of the Company being held on Monday, September 29, 2008 at 2.30 P. M. at Vanitavishram, 392, S V P Road, Prathana Samaj, Mumbai – 400004.

Membership Folio No. : _____ No. of shares held : _____

Name of the Shareholder/Proxy* : - _____

*Strike out whichever is not applicable.

Signature of Shareholder/ Proxy* : - _____

*Strike out whichever is not applicable.

BOOK-POST



If undelivered, please return to:

MINI DIAMONDS (INDIA) LTD.

7-A, Nusser House, Ground Floor,
Opp. Panchratna Building, Opera House,
Mumbai- 400 004.

Tel no: 223071210/0940

Fax: 223649910

Email: minidiamonds@yahoo.com