

# Classic Diamonds (India) Ltd.

24th Annual Report 2010-2011



24<sup>th</sup> ANNUAL REPORT  
2010-2011

<p><b>BOARD OF DIRECTORS :</b></p>	<p>Mr. Kumar C. Bhansali Chairman &amp; Managing Director</p> <p>Mr. Chandrakant M. Bhansali Director (Resigned w.e.f 22nd June, 2010)</p> <p>Mr. Nirav K. Bhansali Whole- time Director</p> <p>Mr. Mayank R. Mehta Whole- time Director</p> <p>Mr. Hiren H. Shah Whole-time Director (Resigned w.e.f 22nd June, 2010)</p> <p>Mr. Yogesh K. Kaji Director</p> <p>Mr. Zubin N. Batliwalla Director (Resigned w.e.f. 23rd September, 2010)</p> <p>Mr. Sumit B. Shah Director (Resigned w.e.f. 12th November, 2010)</p> <p>Mr. Madhukar G. Patankar Director (Appointment w.e.f. 23rd September, 2010)</p> <p>Mr. Nishikant S. Jha Director (Appointment w.e.f. 12th November, 2010)</p>
<p><b>AUDITORS :</b></p>	<p>M/s. A. N. Damania &amp; Co. Chartered Accountants (Resigned w.e.f. 5th February, 2011)</p> <p>M/s. Apte &amp; Co. Chartered Accountants (Appointment w.e.f. 5th February, 2011)</p>
<p><b>BANKERS :</b></p>	<p>State Bank of India</p> <p>Canara Bank</p> <p>State Bank of Indore</p> <p>Industrial Development Bank of India Limited</p> <p>Royal Bank of Scotland</p> <p>Indusind Bank Ltd</p> <p>Union Bank of India</p> <p>Standard Chartered Bank</p> <p>Axis Bank</p>



## NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of CLASSIC DIAMONDS (INDIA) LIMITED will be held at Jammalal Bajaj Seva Trust's Kamalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Jammalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 on Tuesday, 20<sup>th</sup> September, 2011 at 11:00 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2011 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To appoint a Director in place of Mr. Kumar C. Bhansali, who retires by rotation and has offered himself for being re-appointed.
3. To appoint a Director in place of Mr. Nirav K. Bhansali, who retires by rotation and has offered himself for being re-appointed.
4. To appoint Mr. Nishikant S. Jha as Director of the Company. He was appointed to fill Casual vacancy due to resignation of Mr. Sumit B. Shah. He vacates his office at this Annual General Meeting and being eligible offers him for reappointment.
5. To appoint Mr. Madhukar G. Patankar as Director of the Company. He was appointed to fill Casual vacancy due to resignation of Mr. Zubin N. Batliwalla. He vacates his office at this Annual General Meeting and being eligible offers him for reappointment.
6. Appointment of M/s. Apte & Co. as the statutory auditor of the Company for the Year 2011-2012, and to fix their remuneration. M/s. Apte & Co. has been appointed due to the resignation of M/s A. N. Damania & Co. in the board meeting held on 4<sup>th</sup> February, 2011.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday 13<sup>th</sup> September, 2011 to Tuesday 20<sup>th</sup> September, 2011 (Both days inclusive)
4. Securities & Exchange Board of India (SEBI) has made trading in the shares of the Company compulsory in dematerialized form for all investors with effect from 13<sup>th</sup> March, 2001. The Equity Shares of the Company have been allotted International Securities Identification Number (ISIN) INE987C01024.
5. Since the Company's shares are in compulsory DEMAT trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialize their shares at the earliest.
6. Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and on National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fee to the said Exchanges.
7. A brief resume of the directors proposed to be appointed vide item nos. 2 to 5 in the Notice are as follows:

Mr. Kumar C. Bhansali is the Managing Director of the company and under his leadership the Company has reached astronomical heights in the markets. He has sound knowledge and practical experience in handling technical and financial aspects of the Companies.



Mr. Nirav K Bhansali has wide contacts and experience in export trade of the Diamond Industry. He possesses vast knowledge and experience by virtue of his long association with Diamond Industry.

Mr. Nishikant Jha possesses vast knowledge and experience by virtue of his long experience. He has good communication skills which is helpful to our organization.

Mr. Madhukar Patankar is a Chartered Accountant and Company Secretary who has vast and in depth knowledge of the business of the Company. He has more than 24 years of rich experience in the field of Accounting, Statutory Audits, Concurrent Audits, Internal Audits, SOAX Audit under USGAAP, Income Tax matters, Secretarial Matters and Management Consultancy, which is helpful to our organization.

8. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of the shares held by them in the prescribed Form No.2B. Shareholders are requested to avail of this facility.
9. Members intending to require information about the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
10. Pursuant to Section 205C, the dividend for the year ended 31<sup>st</sup> March, 2004(2003-2004) has been transferred to the Investor Education and Protection Fund. All shareholders who have not yet taken the dividend can request for the same along with the dividend warrant for revalidation of dividend.
11. Section 205C of the Companies Act, 1956, provides that the amount of dividend, which has remained unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Kindly note, that after such transfer, the members will lose their right to claim such dividend. Members, who have not yet encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 2005 (2004-2005) onwards, are requested to make their claims to the Company accordingly, without any delay.
12. Members are requested to consolidate the multiple folios existing in the same names and in identical orders so as to facilitate better and efficient service. Consolidation of folios does not amount to transfer of shares and therefore, no stamp duty or other expenses are payable on the same.
13. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is as follows:

#### **Item No. 2**

The term of Mr. Kumar C. Bhansali, Director of the Company, expires at this Annual General Meeting Mr. Kumar C. Bhansali has offered himself to be re- appointed. None of the Directors except Mr. Kumar C. Bhansali is deemed to be concerned and interested in the resolution.

#### **Item No. 3**

The term of Mr. Nirav K. Bhansali, Director of the Company, expires at this Annual General Meeting Mr. Nirav K. Bhansali has offered himself to be re- appointed. None of the Directors except Mr. Nirav k. Bhansali is deemed to be concerned and interested in the resolution.

#### **Item No. 4**

Mr. Sumit B. Shah, Director of the Company, had resigned and the Board of Directors accepted his resignation in their meeting held on 12<sup>th</sup> November, 2010. At the same meeting Mr. Nishikant Jha was appointed as the additional director in the place of Mr. Sumit Shah. Mr. Nishikant Jha's term as a director expires at this Annual General Meeting Being eligible he has offered himself to be re-



appointed as Director of Company. None of the Directors except Mr. Nishikant Jha is deemed to be concerned and interested in the resolution.

**Item No. 5**

Mr. Zubin N. Batliwalla, Director of the Company, had resigned and the Board of Directors accepted his resignation in their meeting held on 23<sup>rd</sup> September, 2010. At the same meeting Mr. Madhukar G. Patankar was appointed as the additional director in the place of Mr. Zubin N. Batliwalla. Mr. Madhukar G. Patankar's term as a director expires at this Annual General Meeting. Being eligible he has offered himself to be re-appointed as Director of Company. None of the Director except Mr. Madhukar G. Patankar is deemed to be concerned and interested in the resolution.

**Item No. 6**

M/s A. N. Damania who was appointed as auditor of the Company at the Annual General Meeting on 22<sup>nd</sup> September, 2010, informed the company on 5<sup>th</sup> February, 2011 that their firm was not a peer reviewed firm, which firms were compulsory for audit of listed company. Casual vacancy caused due to resignation of M/s. A. N. Damania & Co. was filled up by the Board of Directors in their meeting held on 5<sup>th</sup> February, 2011. The Board had appointed M/s Apte & Co. to hold office till the conclusion of this Annual General Meeting. Accordingly the resolution at point no- 6 is proposed.

**BY THE ORDER OF THE BOARD**

**Kumar C. Bhansali**  
Managing Director

Registered Office:  
1002, Prasad Chambers,  
Opera House,  
Mumbai - 400 004

Dated: 11<sup>th</sup> August, 2011



## DIRECTOR'S REPORT

To  
The Members,

Your Directors have great pleasure in presenting their Twenty Fourth Annual Report with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2011.

## I. FINANCIAL RESULTS:

(Rupees in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31-Mar-11	FOR THE YEAR ENDED 31-Mar-10
<b>I. FINANCIAL RESULTS</b>		
Sales (Incl. Exch. Difference)	50,231.87	65,171.67
Other Income	182.38	408.56
<b>Profit before Interest &amp; Depreciation (A)</b>	<b>4,303.77</b>	<b>5,360.17</b>
Less : 1) Interest	3,095.63	3,047.79
2) Depreciation	427.73	527.69
<b>Total of Interest and Depreciation (B)</b>	<b>3,518.36</b>	<b>3,575.48</b>
<b>Misc items (C)</b>	<b>(26.41)</b>	<b>(15.65)</b>
<b>Profit before taxation (A-B-C)</b>	<b>759.00</b>	<b>1,769.04</b>
<b>Provision for &amp; Deferred Taxation</b>	<b>158.87</b>	<b>27.29</b>
<b>Profit after taxation</b>	<b>600.13</b>	<b>1,741.75</b>
Bal in P & L Account brought/forward	18,690.95	17,145.08
	<b>19,291.08</b>	<b>18,886.83</b>
<b>2. APPROPRIATIONS</b>		
Proposed Dividend (incl Tax)	-	45.88
Transfer to General Reserve	-	150.00
Balance carried forward	19,291.08	18,960.95
	<b>19,291.08</b>	<b>18,886.83</b>

## 2. DIVIDEND:

Due to the inappropriate market conditions and the financial crisis, your company could barely maintain the level of revenue. The sale for the year 2010-11 has dipped down drastically by 23.12%. In order to honor the companies committed contracts to its esteemed customers it had to sell with squeezed margins, leading to the fall in net profit level. Considering of the lower earning of the company in the year the Directors do not recommend any dividend for the year.



**3. LISTING ON NSE & BSE:**

The shares of your company are listed on the Bombay Stock Exchange Limited (BSE Code: 523200) and the National Stock Exchange of India Limited (NSE Code: CLASSIC EQ)

**4. BUSINESS PROSPECTS:**

The year could not see a revival of business from the US sector, as there were differences in opinion by the customer there. However, your company now intends to penetrate this market all by itself starting from the scratch, which would take couple of years to gear up.

Your company is now geared up for the production of the larger type of diamonds, which would yield higher margins and a larger array of products for the customers to suit their requirements. The only constraint of this section of the business is that it involves huge amounts on rough procurement. Once the financial position of your company is eased out, this section could add better value to the overall business.

In order to optimize the cost of operations your company intends to shift its operations from the Opera House area of Mumbai to Bandra – The Diamond Bourse in the near future.

We also plan to start up a factory in the SurSEZ situated at Sachin, near Surat. This factory would be in a position to produce Diamonds as well as jewellery for the newer markets.

**5. FINANCE:**

The company has been struggling in materializing its Debtors at a faster pace due to the conflicts between the distribution arms worldwide. The company has laid out policies of trying to gain better credit terms from its creditors leading to a position which could end up in repaying the bank finance to the extent of over Rs.18.83 Crores in Rupee terms. All this has improved the Credit rating of your company which had deteriorated in the earlier year due to the given market conditions.

**6. DIRECTORS:**

The Company has 6 Directors.(Mr. Sumit B. Shah & Mr. Zubin N. Batliwalla resigned w.e.f 12<sup>th</sup> November, 2010 & 23<sup>rd</sup> September, 2010 respectively) of which 3 are Independent Directors. Mr. Kumar C. Bhansali and Mr. Nirav K. Bhansali are liable to retire by rotation and being eligible have offered them for re- appointment.

**7. AUDITORS:**

M/s Apte & Co. Chartered Accountants were appointed by the Board of Directors in their meeting on 4<sup>th</sup> February, 2011 to fill the casual vacancy caused due to resignation of M/s A.N. Damania and Co. who were appointed as auditors at the Annual General Meeting held on 22<sup>nd</sup> September, 2010. M/s Apte & Co. having been appointed by the Board of Directors for filling up the casual vacancy vacates their office at this Annual General Meeting. The company has received the certificate from the auditors that their appointment if made, will be within the limits prescribed under Section 224(1) of the Companies Act 1956.

**8. CORPORATE GOVERNANCE:**

A separate section on Corporate Governance is included in the Annual Report and the certificate from the company's auditors confirm the compliance of conditions on Corporate Governance as stipulated in the said clause 49 of the Listing Agreement annexed thereto.

**9. FIXED DEPOSIT:**

The company has not invited or accepted any deposit during the year under review under Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

**10. PERSONNEL:**

During the year under review no employee has drawn salary exceeding the limits as stated in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.



## 11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information pursuant to Section 217 (I) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given below:

### A. CONSERVATION OF ENERGY

As the company is not covered in the list of industries required to furnish information in Form A relating to conservation of energy, the same is not given.

### B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. Specific areas in which the company carries out R & D:  
The Company has been successful in manufacturing its own Laser Cutting Machine for the Diamond factory.  
In the jewellery sector in house design and manufacture of certain consumables are carried out.
2. Benefits derived as a result of the above R & D:  
The Company achieves better productivity and cost reduction.  
Reduction in Production lead time  
Reduction in rework and rejection in the manufacturing process  
Total traceability of each piece during the entire manufacturing process through in house software development
3. Future plan of Action:  
The company will strive to improvise the manufacturing methodology to effect further cost reduction and increase productivity.
4. Expenditure on R & D:
  - a. Capital )
  - b. Recurring )
  - c. Total R & D expenditure as a ) included in the manufacturing cost percentage of total turnover )
5. Efforts in brief made towards Technology absorption and innovation:  
The company keeps abreast of global technical developments, innovations and trends in its line of business and strives to constantly reduce costs and improve the quality of its products.
6. Benefits derived as a result of the above efforts e.g. cost reduction, product development and improvement; import substitution etc. will be reflected in precision manufacturing of high quality products and substantial cost reduction.
7. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:  
The Company has not imported any technology.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information regarding foreign exchange earnings and outgo is given below:

Total Foreign Exchange used	: Rs 10689.65471 Lacks
Total Foreign Exchange earned	: Rs 30192.41217 Lacks

## 12. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm:

- ii that they 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 for that period; that they 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;



iii that they have prepared the annual accounts on a going concern basis

**13. CAUTIONARY STATEMENT:**

Statements in this Directors Report and Management Discussion & Analysis describing the Companies objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable Securities laws and regulations. Actual results could differ materially from those expressed or implied due to risk of uncertainties associated with our expectations with respect to, but not limited to, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business, technological changes, exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, the performance of the financial markets in India and globally and raw material availability and prices, demand & pricing in the Company's principal markets, and other incidental factors.

**14. ACKNOWLEDGEMENTS:**

The Directors wish to convey their appreciation to all the employees of the company for their personal efforts as well as for the excellent contribution made by all employees of the Company through their commitment, competence, co-operation and diligence to duty their collective contribution in such trying times, which enabled the company to meet the challenges set before it.

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the banks during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the continued support of customers and suppliers of the company.

Your Directors thank the shareholders for their confidence in the company.

BY THE ORDER OF THE BOARD

Mr. Kumar C. Bhansali  
Managing Director

Mr. Nirav K. Bhansali  
Director

Mr. Mayank Mehta  
Director

Registered Office:  
1002, Prasad Chambers,  
Opera House,  
Mumbai - 400 004

Dated: 11<sup>th</sup> August, 2011



## REPORT ON CORPORATE GOVERNANCE

## 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

CLASSIC DIAMONDS (INDIA) LIMITED has adopted good corporate governance practices and ensures compliance with all relevant laws and regulations. It has led to the satisfaction and transparency to the stakeholders. Company's philosophy is concerned with ethics, values, morals and social responsibilities. The Company remains accountable to shareholders and other beneficiaries for their actions. The Company conducts its activities in a manner that is fair and transparent to all stakeholders.

## 2) BOARD OF DIRECTORS:

a) Composition and size of the Board:

The Board has a required combination of Executive, Independent and Non- Executive directors. The Board is chaired by an Executive Director and total strength of the board was of 6 Directors as on 31<sup>st</sup> March, 2011, Comprising of 3 Whole time/ Executive Director and 3 Independent Director.

b) Board Meetings:

13 Board Meetings were held at Mumbai during the year under review.

The Board Meetings were held on 15<sup>th</sup> April, 2010; 28<sup>th</sup> April, 2010; 11<sup>th</sup> May, 2010; 28<sup>th</sup> May, 2010; 23<sup>rd</sup> June, 2010; 11<sup>th</sup> August, 2010; 14<sup>th</sup> August, 2010; 23<sup>rd</sup> September, 2010; 12<sup>th</sup> November, 2010; 7<sup>th</sup> December, 2010; 5<sup>th</sup> February, 2011; 10<sup>th</sup> February, 2011; 11<sup>th</sup> March, 2011. The maximum gap between two Board Meetings did not exceed the limits prescribed in clause 49 of the Listing Agreement. Details of the attendance at Board Meeting and Annual General Meeting held on 22<sup>nd</sup> September, 2010 by the Directors, together with the number of their Directorships and Memberships of the SEBI-designated Board Committees of other companies are as follows:

Name of Directors	Category of Directors	Board Meetings attended during 2010-11	Attendance at the A.G.M	No. of other Directorship \$	Membership of Board Committees of other Companies
Mr. Kumar C. Bhansali	Chairman & Managing Director Executive	13	NO	1	NIL
Mr. Chandrakant M. Bhansali (Resigned w.e.f. 22.6.2010)	Director Non-Executive Independent	-	NO	NIL	NIL
Mr. Nirav K. Bhansali	Whole-time Director Executive	8	YES	1	NIL
Mr Mayank Mehta	Whole-time Director Executive	13	YES	NIL	NIL
Mr Yogesh K. Kaji	Director Non- Executive Independent	6	YES	NIL	NIL
Mr Sumit B. Shah (Resigned w.e.f. 12.11.2010)	Director Non- Executive Independent	5	NO	NIL	NIL
Mr Zubin N. Batliwalla (Resigned w.e.f. 23.9.2010)	Director Non- Executive Independent	7	YES	NIL	NIL
Mr. Madhukar Pantankar (Appointed w.e.f. 23.9.2010)	Director Non- Executive Independent	6	NO	NIL	NIL



Mr. Nishikant Jha (Appointed w.e.f. 12.11.2010)	Director Non- Executive Independent	5	NO	NIL	NIL
Mr Hiren H Shah (Resigned w.e.f. 22.6.2010)	Whole- time Director Executive	5	NO	NIL	NIL

\$ This excludes Directorship held in other Private Limited Companies.

C) Shareholding of Non-Executive Directors as on 31<sup>st</sup> March, 2011:

Sl. No.	Name of Directors	Shareholdings in the Company
1.	Mr. Chandrakant M. Bhansali (Resigned w.e.f. 22.6.2010)	26,81,405
2.	Mr. Yogesh K. Kaji	87,920
	<b>TOTAL:</b>	<b>27,69,325</b>

3) COMMITTEES OF DIRECTORS:

The Board has constituted the following three Committees of Directors:

- Audit Committee
- Remuneration Committee
- Investor's Grievance Committee

a) Audit Committee:

Role of Audit Committee and its terms of reference include:

- To focus it's attention on subjects relating to accounting standards, internal controls and financial policies.
- To oversee the Company's financial reporting process and disclosure of its financial information.
- To review the financial statement before submission to the Board of Directors.
- To hold discussion with Management regarding the internal control system.
- To hold prior discussion with external auditors regarding scope and nature of audit before commencement of the audit and also to have post audit discussion on areas of concern.

The Audit Committee met four times during the year on 14<sup>th</sup> May 2010; 30<sup>th</sup> July, 2010; 8<sup>th</sup> November, 2010 & 7<sup>th</sup> February, 2011. The composition, names of the members, chairperson of the meeting and attendance of the members during the year are as follows:

Sr. No	Names of Members	Designation	Category of Director	Attendance at Meeting
1.	Mr. Zubin N. Batliwalla	Chairman	Independent Non-Executive.	2
2.	Mr. Sumit Shah	Member	Independent Non-Executive.	2
3.	Mr. Nishikant Jha	Member	Independent Non-Executive.	1
4.	Mr. Madhukar Patankar	Chairman	Independent Non-Executive.	2
5.	Mr. Yogesh K. Kaji	Member	Independent Non-Executive	4

b) Remuneration Committee:

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole time Directors, based on performance and defined criteria. Mr. Yogesh K. Kaji is the Chairman of the Committee. The Committee has been authorized to determine the remuneration package for any Executive Directors as well as remuneration payable to the non-executive Directors from year to year.

The Remuneration Committee has met once during the year on 25<sup>th</sup> March, 2011. The composition of the committee is as follows:



Sr. No	Names of Members	Designation	Category of Director
1.	Mr. Yogesh K. Kaji	Chairman	Independent Non-Executive.
2.	Mr. Madhukar Patankar	Member	Independent Non-Executive.
3.	Mr. Nishikant Jha	Member	Independent Non-Executive

The Non- Executive Directors sitting fees for each meeting of the Board or Committee thereof attended by them. Other than Sitting fees, no other remuneration is payable to the Non- executive Directors for the year 2010-2011,

Details of Remuneration to the directors for the year ended 31<sup>st</sup> March, 2011 are as follows:

Director	Relationship with other Directors	Business Relationship	Sitting Fees	Salary/ Perquisites/ Gratuity	Contribution To P.F.	Total
Mr.Chandrakant. Bhansali (Resigned w.e.f. 22.6.10)	Father of Kumar Bhansali	Promoter	-	-	-	-
Mr.Kumar C. Bhansali	Son of Chandrakant Bhansali	Promoter's Family	-	24,00,000	-	24,00,000
Mr.Nirav K. Bhansali	Son of Kumar Bhansali	Promoter's Family	-	24,06,500	9,360	24,15,860
Mr.Zubin Batliwalla (Resigned w.e.f 23.9.2010)	None	None	17,500	-	-	17,500
Mr.Mayank Mehta	None	None	-	11,05,365	9,360	11,14,725
Mr.Yogesh Kaji	None	None	22,500	-	-	22,500
Mr.Hiren Shah (Resigned w.e.f. 22.6.2010)	None	None	-	99,000	2,340	1,01,340
Mr.Surmit Shah (Resigned w.e.f 12.11.2010)	None	None	5,000	-	-	5,000
Mr.Madhukar Patankar (Appointed w.e.f. 23.9.2010)	None	None	35,000	-	-	35,000
Mr.Nishikant Jha (Appointed w.e.f 12.11.2010)	None	None	32,500	-	-	32,500

c) Investors Grievance Committee:

The Company has constituted an Investor Grievance Committee. The terms of reference of the Committee is to redress Shareholders and Investors complaints, to review all matters connected with the share transfers and to review status of legal cases involving the investors where the Company has been made a party.

The Company's Registrar & Share Transfer Agents, M/s Link Intime India Pvt. Ltd. is fully equipped to carry out the transfers of shares and redress Investor complaints.

The Committee met four times during the year on 5<sup>th</sup> April, 2010; 7<sup>th</sup> July, 2010; 8<sup>th</sup> October, 2010 and 7<sup>th</sup> January, 2011. The composition of the Investor's Grievance Committee and attendance of the Committee members at these meetings were as follows:

Sr. No	Names of Members	Designation	Category	No. of Meetings Attended during the year 2010-2011
1.	Mr. Kumar C. Bhansali	Chairman	Non-Independent Executive.	4
2.	Mr. Zubin Batliwala	Member	Independent Non-Executive	2
3.	Mr. Madhukar Patankar	Member	Independent Non-Executive	2
4.	Mr. Nirav K. Bhansali	Member	Non-Independent Executive	4

Details in respect of Compliance Officer:

Sr. No	Name	Designation of Compliance Officer
1.	Mr. Kumar C. Bhansali (w.e.f. 1.4.2010 to 22.9.2010)	Chairman & Managing Director
2.	Mr. Namdev Apange (w.e.f. 23.9.2010 to 31.3.2011)	Company Secretary

Details of Investors Complaints and Requests during the Year 2010 – 2011 are as follows:

Sr. No.	Nature Of Complaint	Whether Received		No. of Complaints Redressed	Pending Complaints
		SEBI	DIRECT		
1.	Non-Receipt of Share Certificate	-	4	4	NIL
2.	Non-Receipt of Dividend Warrant	-	11	11	NIL
3.	Non-Receipt of Rep/Spl/Con/Dup Certificate	-	-	-	NIL
4.	Non-Receipt of Demat Credit/Remat Certificate	-	-	-	NIL
5.	Non-Receipt of Bonus Certificate	-	3	3	NIL
6.	Change of Address	-	10	10	NIL
7.	Bank Details	-	5	5	NIL
8.	Stop Transfer	-	3	3	NIL
9.	Issue of Duplicate Certificate	-	1	1	NIL
10.	Confirmation of Details	-	11	11	NIL
11.	Transfer/Transmission/Deletion	-	6	6	NIL



12.	Issue of Duplicate Dividend Warrant	-	1	1	NIL
13.	Certificate not existing in Master Data	-	-	-	NIL
14.	Dematerialization	-	-	-	NIL
15.	Revalidation & Replacement of Dividend Warrants	-	9	9	NIL
16.	ECS Details	-	1	1	NIL
17.	Bank Mandate	-	-	-	NIL
18.	POA Registration	-	5	5	NIL
19.	Registration of Bank Details	-	-	-	NIL
20.	Exchange of Certificate	-	16	16	NIL
21.	Stock split of Equity Shares	-	-	-	NIL
22.	Others	-	3	3	NIL
	<b>TOTAL</b>		<b>89</b>	<b>89</b>	<b>NIL</b>

Details of Shares in Physical form lodged for transfer during 2010-2011 are as follows:

Sr. No	Total No. of Transfer Deed Received	Dispatched within 30 days of receipt.	Dispatched after 30 days of receipt
I.	14	14	-

#### Share Transfer:

Transfers of shares in physical form are affected and share certificate are dispatched within an average period of 30 days from the date of receipt of request, provided the relevant documents are complete in all respects.

With a view to expedite the process of Share transfers, certain officers of the Company have been severally authorized to approve the valid application for transfer, which have been duly processed and scrutinized by the Registrar and Share Transfer Agent.

#### 4) GENERAL BODY MEETINGS:

- Annual General Meeting

The Location and time of the Annual General Meetings held during the last 3 years are as follows:

AGM	DATE	TIME	VENUE	SPECIAL RESOLUTIONS
21 <sup>st</sup> AGM	29 <sup>th</sup> September, 2008	3.30 p.m.	Kamalnayan Bajaj Hall, Nariman point, Mumbai	NIL
22 <sup>nd</sup> AGM	14 <sup>th</sup> September, 2009	11.30 a.m.	Kamalnayan Bajaj Hall, Nariman point, Mumbai	NIL
23 <sup>rd</sup> AGM	22 <sup>nd</sup> September, 2010	11.00 a.m.	Kamalnayan Bajaj Hall, Nariman point, Mumbai	NIL



## 5) DISCLOSURES:

- There was no transaction of material nature with the Promoters, Directors, Management or their relatives during the financial Year of the Company, which could have potential conflict with the interests of the Company at large. However, the transactions detailed in Note no. 14 of Schedule XV annexed to the Accounts may be considered as related party transactions.
- The Company does not have a Whistle Blower Policy. All the same, no personnel of the Company have been denied access to the grievance redressal mechanism of the Company.
- The Company is in Compliance with all the mandatory Provisions of Clause 49 of the Listing Agreement except issuance of public notice under clause II(2) of SAST for conversion of preferential warrants to equity shares, which the company is following regularly with the regulations.

## 6) MEANS OF COMMUNICATION:

- The Annual, half Yearly and quarterly results are regularly submitted to the Stock Exchange and published in Newspapers in accordance with the Listing Agreement.
- Company's quarterly unaudited results for Quarter ended 30<sup>th</sup> June, 2010; 30<sup>th</sup> September, 2010 and 31<sup>st</sup> December, 2010 along with Audited results for the year ended 31<sup>st</sup> March, 2011 were published in the Business Standard (English daily newspaper) and Tarun Bharat (Vernacular daily newspaper).
- Management Discussion and Analysis forms part of the Director's Report.

## 7) (a) General Shareholder Information:

Annual General Meeting (Date, time and venue)	20 <sup>th</sup> September, 2011 at 11.00 a.m. Jamnalal Bajaj Seva Trust's, Kamalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021
Financial Calendar	The Company follows April-March as its financial year. The results for every quarter are declared within 45 days from the end of last quarter.
Book Closure Date	Tuesday 13 <sup>th</sup> September, 2011 to Tuesday 20 <sup>th</sup> September, 2011 (Both days inclusive)
Listing on Stock Exchanges	Bombay Stock Exchange Limited, 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Building, Dalal Street, Fort, Mumbai 400001.  The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051



Registrar & Share Transfer Agents.	LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400078. Tel: (022) 25963838 Fax: (022) 25946969 Email: <a href="mailto:mumbai@linkintime.co.in">mumbai@linkintime.co.in</a> Business Hours: Monday to Friday: 10.00 a.m. to 5.00 p.m. Saturdays: 10.00 a.m. to 1.00 p.m. Contact Person: Miss Trupti Parab/Ms Sujata
Plant Locations	1. G- 28, G& J Complex III, Seepz, Mumbai- 400096. 2. I38 & I39, SDF-V, Seepz, Mumbai- 400096. 3. GJ-12A, SDF VII, Seepz, Mumbai- 400096. 4. Unit No. E 5, Sub Plot 15, Plot No. II & 12, WICEL, MIDC, Andheri (East), Mumbai- 400093. 5. FP No. 65/A/P/I-B, TPS No.4, Behind Umriya Mata Mandir, A. K. Road, Surat.
Address for Correspondence	Classic Diamonds (India) Limited 1002, Prasad Chambers, Opera House, Mumbai- 400004 Tel: (022) 40361000 Fax: (022) 40361002 Email: <a href="mailto:compsec@classicdiamondsindia.com">compsec@classicdiamondsindia.com</a>
Scrip Code	BSE-523200 NSE- CLASSIC
ISIN Number for NSDL and CDSL.	INE987C01024

a) Market Price Data: High/Low during each month of 2010-2011 on Stock Exchange, Mumbai:

Market Price Data	Share prices of the Company for the period 2010-2011			
	The Stock Exchange, Mumbai		The National Stock Exchange of India.	
Month	High(Rs)	Low(Rs)	High(Rs)	Low(Rs)
April, 2010	25.70	20.30	26.80	19.00
May, 2010	23.90	18.60	23.40	18.75
June, 2010	24.40	18.75	21.90	18.25
July, 2010	23.40	20.00	23.50	19.70
August, 2010	23.50	20.20	24.00	20.05
September, 2010	23.20	20.50	23.25	20.15
October, 2010	21.90	19.50	21.85	19.40
November, 2010	23.20	15.05	23.20	15.15
December, 2010	18.85	15.00	18.85	15.30
January, 2011	19.40	14.55	20.00	14.00
February, 2011	15.90	10.70	15.20	10.70
March, 2011	13.45	11.30	13.40	11.70



(c) Categories of Shareholding as on 31<sup>st</sup> March, 2011:

Categories	Number of Shares	Amount in Rs.	%
Promoters, Directors, Relatives and Companies under the same Management	2,54,46,346	5,08,92,692	64.8810
Mutual Funds	500	1,000	0.0013
Banks	15,93,138	31,86,276	4.0633
Private Corporate Bodies	15,70,543	31,41,086	4.0044
Trust	5,500	11,000	0.01
Indian Public	1,02,12,430	2,04,24,860	26.04
NRI's	1,89,551	3,79,102	0.48
Clearing Members	2,01,992	4,03,984	0.52
Total	3,92,20,000	7,84,40,000	100.00

d) Distribution of Shareholding as on 31<sup>st</sup> March, 2011:

Shareholding of nominal values	Shareholders		Amount	
	Number	% of total	Rupees	% Of total
Rupees				
I - 5000	12,437	94.3130	1,21,38,424	15.4750
5001 - 10000	413	3.1320	31,50,908	4.0170
10001 - 20000	208	1.5770	31,33,514	3.9950
20001 - 30000	34	0.2580	8,50,500	1.0840
30001 - 40000	18	0.1360	6,36,792	0.8120
40001 - 50000	11	0.0830	4,71,700	0.6010
50001 - 100000	27	0.2050	19,51,392	2.4880
100001 - Above	39	0.2960	5,61,06,770	71.5280
Total	13,187	100.0000	7,84,40,000	100.0000

(e) Dematerialization of Shares:

The shares of the Company are available for dematerialization and Agreements have been signed with National Securities Depository Ltd. (NSDL) & Central Depository Services (India) Ltd (CDSL). 94.9% of the Company's shares are held in dematerialized mode. Trading in dematerialized form is compulsory for all investors. The Company (through its Registrars and Share Transfer Agents) provides the facility of simultaneous transfer and dematerialization of shares and has confirmed the same to NSDL and CDSL.



**Auditors Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements with the Stock Exchanges.**

To the Members of M/s Classic Diamonds (India) Limited

We have examined the compliance of the conditions of Corporate Governance by Classic Diamonds (India) Limited, for the year ended 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

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 compliance with the conditions of 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company which are presented to the Investors Grievance Committee.

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 Apte & Co.  
Chartered Accountants

JAYANT APTE  
Partner

Membership No: 035494

Place: Mumbai  
Date: 11<sup>th</sup> August, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERALL PERFORMANCE:

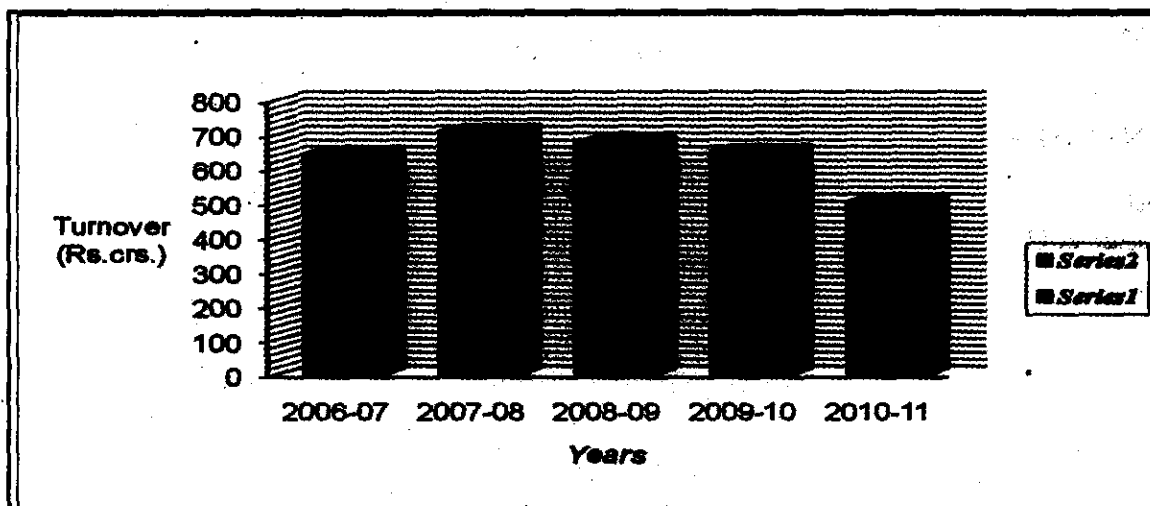
Your company's product profile ranges from Rings, Earrings, Pendants, Bracelets, to Necklaces in the jewellery section which are manufactured with studdings such as the Diamonds that its diamond manufacturing division produces and the precious and semi precious stones.

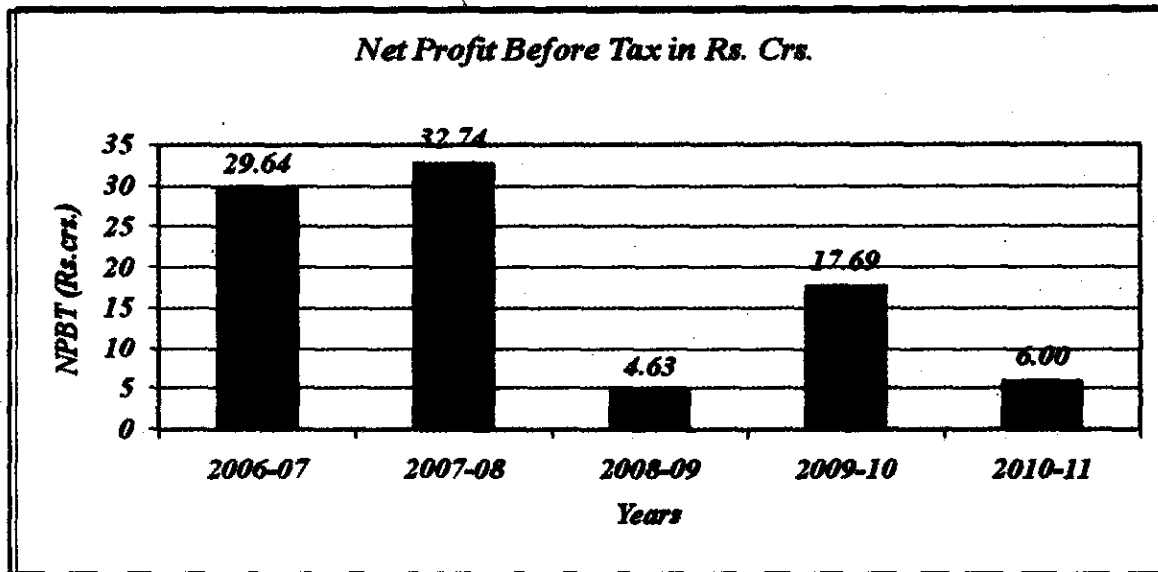
The company during the year saw a fall in revenues by 23 % mainly due to the US sector which did not pick up due to the difference of opinion with its major customer. There was a requirement of recycling of goods which did not pay off and hence the company had to turn down such offers. Further, the prices of Gold also have risen substantially from the 1100 levels to over 1500 \$ per Tr. Oz. since 2010. The Middle east sector also faced slow down along with political instability which pulled down the revenues.

However, the response that our product in other geographical markets has received could help us in achieving the levels of revenues. The sales of Cut and Polished Diamonds also could not be maintained mainly owing to the difference in opinion with the marketing arms at Belgium on account of rise in prices of Rough Diamonds making it difficult to make decisions on procurement and letting the market to stabilize especially for the core product that we manufacture.

The Diamonds that are manufactured are the round shaped diamonds ranging in sizes from -2 sieve size to as good as +11 size (ie.. from half a cent to fifteen cents a stone). Since the previous year we have been able to successfully manufacture the large sized stone which calls for greater skill level and precision in order to yield better result by way of high cartages and value. These are the certified stones.

### PAST HISTORICAL PERFORMANCE:





## INDUSTRY OUTLOOK

The Gems and jewellery sector has a huge market in India and abroad alike. This market encompasses various kinds of jewels including gold, colored gemstones, costume jewellerys, platinum and diamonds. The sector is expected to register a compound annual growth rate (CAGR) of 13 per cent during 2011-2013, according to a report "Indian Gems and Jewellery Market Forecast to 2013," by research firm RNCOS.

India possesses world's most competitive gems and jewellery market due to its low cost of production and availability of skilled labor. As per our new research report "Indian Gems and Jewellery Market - Future Prospects to 2011", highly skilled and low cost manpower, along with strong government support in the form of incentives and establishment of SEZs, has been the major driver for the Indian gems and jewellery market.

Gems and Jewellery has been one of India's leading foreign exchange earning sectors over the year, it has witnessed a considerable growth in the volume of exports to about US\$ 43.14 billion during the year. It thereby comprises 16.67 % to the India's total merchandise exports. The Cut and Polished Diamonds segment registered an export of US\$ 28.25 billion whereas the Rough Diamonds clocked an export of US\$ 1.08 billion and the remaining coming up from export of Jewellery.


There has been substantial rise in prices of Diamonds and Gold during this period which has its attributes to the rise as well. The annual demand of Gold reached US\$ 150 billion which is an increase of about 38 % over the previous year.

Owing to the rise in prices of Gold the end customer prefers to house Silver jewellery instead, as a result of which the demand for Silver has risen manifold times. The price of Silver has risen 78 % from US\$ 14.67 in 2009 to US\$ 20.19 per ounce in 2010 and to over US\$ 37 in Mar 2011.

The projected share of industry segments and key consumption market trend shows that by 2015 China and India together will emerge as a market equivalent to the US market. The Middle East will surface as another large market, accounting for close to 9 % of the global jewellery sales by 2015. The industry has a potential to grow up to USD 280 billion by 2015 at a CAGR of 6.7%. (Source: GJEPC-KPMG report,)

## EXPANSION:-

Classic plans to explore more interior markets of the Far East and the Middle East apart from Europe and USA for the jewellery. It intends to set up a stand alone manufacturing unit at Sachin SEZ at Surat to cater to these markets with its newer products. This unit shall manufacture both Diamonds and jewellery as well. Surat is in process of being linked with the rest of the world by starting its Airport operations in the near future.



Further, most of the jewellery manufacturers have shifted over to Silver jewellery in order to match the pricing requirement of their customers. Classic also has intentions to explore such opportunities.

## SEGMENTAL REVIEW AND ANALYSIS

The detailed financial and physical performance may be viewed from the balance sheet and Annexure thereto in the Annual Report.

## FINANCIAL REVIEW

The details of the financial performance of the company are appearing in the Balance sheet, Profit & Loss Account along with other financial statement. Financial Highlights are as under:

Your Company could achieve revenue of Rs. 50231.87 Lacs and earned a net profit of Rs. 600.13 Lacs as compared to turnover of Rs. 65,171.67 Lacs and earned a net profit of Rs. 1741.75 Lacs in preceding financial year, representing a 23 % decline in revenue and a sizeable decline of 65% in net profit. Earnings before interest, tax and depreciation (EBITDA) is Rs. 4303.77 Lacs as compared to Rs. 5360.17 Lacs in preceding financial year, representing a decline of 20.42 %

During the year under review your company could generate lower revenues mainly on account of the change in strategy of customer selection, during the year we could materializing old and non moving stock and make the best of the recovering market conditions.

## OUTLOOK

The overall economic slowdowns in the Europe and Middle East and particularly in the jewellery industry remain a concern for the profitability in the industry in the short term. However, with the cautious approach adopted by the Company which is expected to cushion the adverse impact of declining exports, the Company is well-poised to meet the dynamic challenges faced by the industry in the short as well long term. Your company's low cost of production and innovative design creation gives it the advantage over its competitors.

## RISK AND CONCERN

The company continues to follow suitable strategies to positively modify its risks profile by eliminating and significantly reducing key business risks.

The process of evaluating the potential risks is closely monitored by senior executives. All identified risks have been classified with respect to their seriousness and probabilities of such risks getting materialized have also been ascertained. In formulating corporate strategies, these risks are duly considered and counter measures are adopted.

The increasing price of Gold & Silver, the levy of duty by the US GSP authorities along with increase in prices of Diamonds has made jewellery from India costlier. Your company has been affected to a great extent. But, nonetheless, we have taken adequate measures to explore other better markets such as Far East, Middle East and Australia. We are also looking into adding in colored stones with a combination of our Diamonds on the jewellery in order to make pricing lucrative considering the overall look and designing beauty of the product.

The revival of company's main market ie. US will take still some time. In this type of market condition Classic has tried to penetrate other markets such as Middle East and Far East.

## HUMAN RESOURCES DEVELOPMENT

The company firmly believes that in house human capital will see the organization through success in today's highly competitive global environment, Classic Diamonds considers its human resources as amongst its most valuable assets. Industrial relations were cordial throughout the year.



## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has an internal control system commensurate with its size and nature of the business and meeting with the following objectives:

- Safeguarding the assets and protecting against loss from unauthorized use or disposition
- Transactions being properly authorized, accurately recorded and promptly reported, and
- Proper maintenance of the accounting records.

The internal control system and the guidelines for compliance with stated policies of the company for conducting business and communication with the stake holders, customers and other third parties are well documented.

In order to achieve higher operational efficiencies, the Company is fully committed to upgrading manufacturing technology, quality control equipments and other operating parameters. The procedures, practices and limits with respect to this function were subjected to periodic review by senior management during the year under review.

All the factories are ISO certified which call for inbuilt Systems proceeding towards continual improvement.



## AUDITORS' REPORT TO THE MEMBERS OF CLASSIC DIAMONDS (INDIA) LIMITED

1. We have audited the attached Balance Sheet of CLASSIC DIAMONDS (INDIA) LIMITED, Mumbai as at 31<sup>st</sup> March, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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.
3. 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 Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable; except regarding provision of Gratuity / Leave encashment not being provided on actuarial basis, therefore we are unable to quantify the effect, if any, on the profits of the company for the year ended 31<sup>st</sup> March 2011. (Refer Note No. B-7 of Schedule XV).
  - e. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f. Subject to our comment in Para 4(d) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011;
    - b) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For Apte & Co.  
Chartered Accountants

Jayant Apte  
Partner  
Membership No: 035494

Place: Mumbai  
Date: 11<sup>th</sup> August, 2011



ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF CLASSIC DIAMONDS (INDIA)  
LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011

(Referred to in paragraph 3 of our report of even date)

- 1 (a) Fixed Assets records showing full particulars, including quantitative details and situation of fixed assets are being compiled by the company.  
(b) Fixed assets have not been physically verified by the management during the year.  
(c) No disposal of substantial part of the fixed assets of the company has taken place during the year.
- 2 (a) The inventories, other than those lying with outside parties have been physically verified by the management. 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 inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. According to the information and explanation given to us, the Company has, during the year, neither granted nor taken any loan secured or unsecured to / from companies, firms and other parties covered in the register maintained Under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (a), (b), (c), (d), (e), (f) and (g) of the order, not applicable.
4. In our opinion, and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5 (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements that need to be entered in the register maintained in section 301 of the Companies Act, 1956 have been so entered.  
(b) The Company is dealing in the items which requires technical appraisal and expertise in determining prevailing market prices as on the date of transaction and in the absence of required information and records, we are unable to express the opinion in respect of transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, with regards to prices which are reasonable having regard to prevailing market prices at the relevant time.
6. During the year the Company has not accepted any deposits to which provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under would apply.
7. The company did not have any independent internal auditor during the year. We are informed that the company is in the process of appointment an internal auditor. However, according to the information and explanation given to us, the company has an internal audit system, which is commensurate with the size of the company and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209(I)(d) of the Companies Act, 1956 for any of the products of the Company.
- 9 (a) According to the information and explanations given to us, and verification of records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts



payables in respect of the aforesaid dues as at 31st March, 2011.

- (b) According to the records of the company and information and explanation given to us, there are no disputed dues pending / payable of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess as on 31<sup>st</sup> March 2011.
10. The Company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank or financial institution. The Company has not issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not carrying the chit fund business; hence, the provisions of any special statute applicable to chit fund are not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures or other investments.
15. In our opinion, terms and conditions on which the Company has given corporate guarantees to banks on behalf of Associated concerns, are not prima facie prejudicial to the interest of the Company.
16. On the basis of the review of the utilization of funds pertaining to term loans on overall basis and related information as made available to us by the Company, prima facie, the term loans taken by the Company were applied for the purpose for which they had been raised.
17. According to Cash flow statements and other records examined by us and on the basis of the information and explanation given to us, on overall basis we report that funds raised on short term basis have not been used for long term investments by the company.
18. The Company has made preferential allotment of shares to parties or companies covered in the Register maintained under section 301 of the Companies Act, 1956. However, the price at which shares have been issued is not prejudicial to the interest of the company.
19. During the year, the Company has not issued any debentures.
20. During the year, the Company has not raised money by public issue(s).
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Apte & Co.  
Chartered Accountants

Jayant Apte  
Partner  
Membership No: 035494

Place: Mumbai  
Date: 11<sup>th</sup> August, 2011



**CLASSIC DIAMONDS (INDIA) LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedules	CURRENT YEAR		PREVIOUS YEAR
		Rupees	Rupees	Rupees
<b>I SOURCES OF FUNDS</b>				
1 <b>Shareholder's Funds</b>				
a) Share Capital	I	78,440,000		78,440,000
b) Reserves and Surplus	II	2,365,197,999	2,443,637,999	2,305,185,269
2 <b>Loan Funds</b>				
Secured Loans	III		3,038,131,930	3,226,470,400
3 <b>Deferred Tax Liability (Net)</b>				
			<b>5,481,769,929</b>	<b>5,610,095,669</b>
<b>II APPLICATION OF FUNDS</b>				
1 <b>Fixed Assets</b>	IV			
a) Gross Block		777,930,493		771,321,402
b) Less: Depreciation		409,033,299		376,998,034
c) Capital work in Progress			368,897,194	394,323,368
			13,195,527	31,636,373
2 <b>Investments</b>	V		(1,436,969)	22,399,627
3 <b>Deferred Tax Asset (Net)</b>			1,350,441	171,701
4 <b>Current Assets, Loans and Advances</b>	VI			
a) Inventories		1,321,192,849		3,071,132,543
b) Sundry Debtors		4,287,568,554		3,302,807,833
c) Cash and Bank Balances		176,336,679		170,623,967
d) Loans and Advances		22,895,660		48,475,498
		5,807,993,742		6,593,039,841
Less: <b>Current Liabilities and Provisions</b>	VII			
a) Liabilities		693,958,505		1,420,999,073
b) Provisions		14,271,499		10,476,168
		708,230,004		1,431,475,241
<b>Net Current Assets</b>			5,099,763,738	5,161,564,600
			<b>5,481,769,929</b>	<b>5,610,095,669</b>
Significant Accounting Policies and Notes on Accounts As per our report of even date	XV	For and on behalf of the Board		
For APTE & CO. Chartered Accountants		KUMAR C. BHANSALI Managing Director		
JAYANT APTE Partner		NIRAV K. BHANSALI Whole Time Director		
		MAYANK R. MEHTA Whole Time Director		
Mumbai Dated: 11th August, 2011		Mumbai 11th August, 2011		

**CLASSIC DIAMONDS (INDIA) LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**  
**31ST MARCH 2011**

	Sche date	CURRENT YEAR		PREVIOUS YEAR
		Rs/ps	Rs/ps	Rs/ps
<b>I INCOME</b>				
Sales	VIII	5,023,186,509		6,517,166,858
Other Income	IX	17,059,340		117,780,351
Increase / (Decrease) in Stock of Finished Goods	X	(1,636,940,564)		530,767,061
			3,403,305,284	7,185,714,269
<b>II EXPENDITURE</b>				
Materials Cost	XI	1,621,969,373		2,604,961,060
Purchase of Traded Goods		1,168,083,850		3,744,697,990
Payments to and Provision for Employees	XII	102,497,791		185,282,984
Manufacturing and Other Expenses	XIII	67,529,214		85,309,187
Finance Cost	XIV	326,231,046		335,790,391
Depreciation		42,272,663		52,768,862
			3,328,583,937	7,008,810,474
<b>III Profit Before Taxation</b>			74,721,347	176,903,795
Less : Taxation				
Income Tax			15,887,355	5,072,672
Deferred Tax			(1,178,740)	(2,343,943)
Fringe Benefit Tax				
<b>IV Profit After Taxation</b>			60,012,732	174,175,066
Balance brought forward from earlier years			1,869,094,865	1,714,508,343
<b>Profit available for appropriation</b>			1,929,107,597	1,888,683,409
<b>V APPROPRIATIONS</b>				
Proposed Dividend			-	3,922,000
Tax on Proposed Dividend			-	666,544
Transfer to General Reserves			-	15,000,000
Balance carried to Balance Sheet			1,929,107,597	1,869,094,865
			1,929,107,597	1,888,683,409
<b>Earnings Per Share - (EPS)</b>				
Basic			1.53	4.44
[Refer Note 16 of Schedule XV]				
Significant Accounting Policies and Notes on Accounts As per our report of even date	XV	For and on behalf of the Board		
For APTE & CO. Chartered Accountants		KUMAR C. BHANSALI Managing Director		
JAYANT APTE Partner		NIRAV K. BHANSALI Whole Time Director		
		MAYANK R. MEHTA Whole Time Director		
Mumbai Dated : 11th August, 2011		Mumbai Dated : 11th August, 2011		



## CLASSIC DIAMONDS (INDIA) LIMITED

### Cashflow Statement for the year ended 31st March, 2011

Particulars	31st March, 2011		31st March, 2010	
<b>Cashflow from operating activities</b>				
Net Profit before tax		747.21		1,769.04
<b>ADJUSTMENTS:</b>				
Share of (Profit)/Loss from partnership Firm	7.43		(26.99)	
Rent income	(0.18)		(0.18)	
Interest income	(100.84)		(110.38)	
Exchange fluctuation	(720.09)		(2,512.61)	
Profit/Loss on sale of assets	26.41		(15.65)	
Depreciation	422.73		527.69	
Sundry Balance w/off (Net)	(2.62)		(0.25)	
Interest Expenses	3,095.63		3,056.67	
Provision for Doubtful Debts	-		-	
		2,728.46		918.30
<b>Operating Profit before working capital changes</b>		3,475.67		2,687.34
<b>CHANGES IN WORKING CAPITAL</b>				
Trade and other receivables	(9,847.61)		(1,012.19)	
Inventories	17,499.40		(2,732.57)	
Trade payables	(7,042.00)	609.79	5,780.80	2,036.04
<b>Cash used in operation</b>		4,085.46		4,723.38
Direct taxes		76.63		(83.89)
<b>Net cash used in operating activities (A)</b>		4,162.09		4,639.49
<b>Cash flow from investing activities</b>				
Rent income	0.18		0.18	
Purchase/ Sale of Investments	238.37		-	
Purchase / sale of fixed assets	118.32		(86.35)	
Sale of fixed assets	-		4.61	
Investment in partnership	-	356.86	(132.68)	(214.24)
		356.86		(214.24)
<b>Cash flow from financing activities</b>				
Increase in Capital	-		97.50	
Interest income			(1,339.98)	
Borrowings	(1,883.38)		-	
Loans & advances	(255.80)		(2,784.78)	
Interest (net)	(2,320.06)		(1.23)	(4,028.49)
Payment of dividend	(45.89)	(4,505.13)		(4,028.49)
		(4,505.13)		(4,028.49)
<b>NET CASH / CASH EQUIVALENT (A+B+C)</b>		13.82		396.76
Cash & cash Equivalent at beginning	1,602.62		1,205.86	
Cash & cash Equivalent at the end	1,616.43	13.82	1,602.62	396.76

As per our report of even date

For APTE & CO.

Chartered Accountants

JAYANT APTE

Partner

Place: Mumbai

Date: 11th August, 2011

For and on behalf of the Board

KUMAR C. BHANSALI

Managing Director

NIRAV K. BHANSALI

Whole-time Director

MAYANK R. MEHTA

Whole-time Director

Place: Mumbai

Date: 11th August, 2011

**CLASSIC DIAMONDS (INDIA) LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	CURRENT YEAR		PREVIOUS YEAR
	RUPES	RUPES	RUPES
<b>SCHEDULE : I</b>			
<b>SHARE CAPITAL</b>			
Authorised :			
75,000,000 (75,000,000) Equity Shares of Rs. 2/- each		150,000,000	150,000,000
Issued, Subscribed and paid up :			
39,220,000 ( 39,220,000) Equity Shares of Rs. 2/- each		78,440,000	78,440,000
Of the Above Shares			
(i) 24,70,000 Equity Shares of Rs. 2 each allotted as fully paid up to the shareholders of erstwhile Purvi Diamonds Pvt. Ltd., pursuant to the Scheme of Amalgamation.			
(ii) 1,000,000 Equity Shares of Rs. 2 each allotted as fully paid up to the holders of optionally convertible warrants.			
(iii) 750,000 Equity Shares of Rs. 2 each allotted as fully paid up to the holders of optionally convertible warrants.			
(iv) 17,50,000 (17,50,000) Equity Shares are allotted by way of bonus shares		78,440,000	78,440,000
<b>SCHEDULE : II</b>			
<b>RESERVES AND SURPLUS</b>			
Share Premium			
As per last Balance Sheet		84,660,002	76,410,002
Add : Preferential Shares allotted			8,250,000
		84,660,002	84,660,002
General Reserve			
As per last Balance Sheet		351,430,400	336,430,400
Add : Transfer From Profit and Loss Account			15,000,000
		351,430,400	351,430,400
Profit & Loss Account		1,929,107,597	1,869,094,867
		2,365,197,999	2,305,185,269
<b>SCHEDULE : III</b>			
<b>SECURED LOANS</b>			
From Banks			
Term Loan		57,791,791	148,530,216
(Secured by equitable mortgage of the immovable properties of the company and of its associate concerns and personal guarantee by some of the Directors and corporate guarantee of the company and its associate concerns)			
(Inclusive of Accrued int Rs.431,453/- Previous Year Rs.989,274/-)			
(Due within I year Rs.57,791,791/- Previous Year 93,600,000)			
Working Capital Loan		2,979,649,803	3,077,681,584
(Secured by hypothecation of Stock-in-trade, Book debts (both present and future) and equitable mortgage of the immovable properties of the company and of its associate concerns and personal guarantee by some of the Directors and corporate guarantee of the company and its associate concerns)			
Car Loan		690,336	258,600
(Secured against hypothecation of Motor Cars)			
(Due within I year principal Rs.303,370/- & interest Rs. 53,882/- Previous Year Rs.258,600/- & interest Rs.13,048/-)		3,038,131,930	3,226,470,400

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## SCHEDULE : V

### INVESTMENT

a) Capital Balance in Partnership Firm	(24,291,219)	(454,623)
b) Trade:		
Long Term (At Cost)		
Unquoted		
490,000 (490,000) Equity Shares of Aarohi Diamonds Ltd (Company Under the same Management) of IHK \$ each fully paid up	2,854,250	2,854,250
c) Non Trade:		
Long Term (At Cost)		
Unquoted		
2,000,000 ( 2,000,000) Units of Rs 10 each of SBI Blue Chip-Mutual Fund. (NAV as on 31.03.11 Rs 29,120,000) (Previous Year Rs 28,200,000)	20,000,000	20,000,000
	<u>(1,436,969)</u>	<u>22,399,627</u>

## SCHEDULE : VI

### CURRENT ASSETS, LOANS AND ADVANCES

#### A CURRENT ASSETS

##### a) Inventories

*(As taken, valued and certified by the Managing Director)*

Stores and Spares	1,403,219	2,796,762
Raw Materials	640,797,508	752,403,095
Finished Goods	678,992,122	2,315,932,686
	<u>1,321,192,849</u>	<u>3,071,132,543</u>

##### b) Sundry Debtors

*(Unsecured, considered good unless stated otherwise)*

Debts outstanding for the period exceeding six months :

*(includes receivable from Rup Diamonds Rs.233,769)*

Good	3,158,378,943	1,402,626,109
Doubtful	483,796	483,796
	<u>3,158,862,739</u>	<u>1,403,109,905</u>
Less : Provision for Doubtful Debts	483,796	483,796
	<u>3,158,378,943</u>	<u>1,402,626,109</u>
Other Debts, Considered Good	1,129,189,611	1,900,181,724
	<u>4,287,568,554</u>	<u>3,302,807,833</u>

c) **Cash and Bank Balances**

i) Cash on Hand	8,002,457	1,303,357
ii) <b>Balances with Scheduled Banks</b>		
In Current Accounts	1,540,293	3,820,198
In Fixed Deposit (Pledged with Bank)	158,353,801	159,686,689
In Margin Money	7,280,059	4,256,000
In Exchange Earners Foreign Currency Account (US \$ NIL (P.Y US\$ NIL))	-	-
Unclaimed Dividend Bank Accounts	1,159,673	1,244,821
ii) <b>Balances with Banks in Current Accounts</b>		
ABN Amro Bank (max.amt.o/s Rs.35,740,495/-)	-	300,751
Previous Year max.amt o/s Rs.31,741,436/-)	-	-
ABN Amro Bank (max.amt.o/s Rs.13,297,056/-)	395	12,151
Previous Year max.amt o/s Rs.16,154,191/-)	-	-

**Total (A)**

176,336,679	170,623,967
5,785,098,081	6,544,564,343

B **LOANS AND ADVANCES**

(Unsecured, considered good)

i) Advances recoverable in cash or in kind or for value to be received	14,603,122	19,893,087
ii) Loans to Employees	223,500	308,000
iii) Deposits	5,828,075	9,185,602
iv) Accrued Interest on Deposit	2,240,962	4,668,817
v) Taxation (Net of Provisions)	-	14,419,992

**Total (B)**

**Total (A + B)**

22,895,660	48,475,498
5,807,993,740	6,593,039,841

**SCHEDULE : VII**

**CURRENT LIABILITIES AND PROVISIONS**

A **CURRENT LIABILITIES**

i) Sundry Creditors (Other than SSI)	589,500,009	1,361,766,529
ii) Overdrawn Balance in Current Account with Scheduled Bank	14,693,422	10,362,402
iii) Due to Directors	30,196,985	21,055,595
iv) Unclaimed Dividend	1,160,005	1,245,119
v) Advance Recd from Customers	3,323,684	117,000
vi) Other Liabilities	55,084,400	26,452,428

**Total (A)**

B **PROVISIONS**

i) Taxation (Net of Taxes Paid)	8,191,831	-
ii) Proposed Dividend	-	3,922,000
iii) Tax on Proposed Dividend	-	666,544
iv) Gratuity	6,079,668	5,887,624

**Total (B)**

**Total (A + B)**

14,271,499	10,476,168
708,230,004	1,431,475,241

CLASSIC DIAMONDS (INDIA) LIMITEDCLASSIC DIAMONDS (INDIA) LIMITEDSCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011SCHEDULE : IVFIXED ASSETS

Sr No	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2010	Additions during the year	Deductions	As at 31.03.2011	As at 01.04.2010	For the year	Deductions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land (Freehold)	33,904,275	-	-	33,904,275	-	-	-	-	33,904,275	33,904,275
2	Building	379,386,691	18,160,924.00	-	397,547,615	151,211,814	21,963,738	-	173,175,552	224,372,063	228,174,877
3	Plant & Machinery	124,849,467	95,000	2,000,000	122,944,467	70,848,683	7,410,412	1,150,501	77,108,594	45,835,873	54,000,784
4	Weighing Machines	5,483,457	121,527	118,527	5,486,457	3,684,844	246,361	-	3,931,205	1,555,252	1,798,613
5	Furniture & Fixtures	129,319,906	103,248	1,809,709	127,613,445	84,945,823	7,828,566	-	92,774,389	34,839,057	44,374,083
6	Electrical Installations	28,823,388	0	146,925	28,676,463	15,542,861	1,800,564	-	17,343,425	11,333,038	13,280,527
7	Office Equipments	18,980,173	217,314	100,425	19,097,062	10,892,314	1,205,433	-	12,097,747	6,999,316	8,087,859
8	Air - Conditioners	13,191,801	148,474	327,258	13,013,017	8,153,281	682,227	-	8,835,508	4,177,510	5,038,520
9	Vehicles	20,648,731	1,520,115	9,959,920	12,208,926	16,629,180	238,997	9,086,897	7,781,279	4,427,647	4,019,551
10	Computer	16,733,513	712,623.95	7,371.45	17,438,766	15,089,235	896,367	-	15,985,602	1,453,164	1,644,278
	Current year's Total	771,321,402	21,079,226	14,470,135	777,930,493	376,998,035	42,272,663	10,237,398	409,033,299	368,897,194	394,323,367
	Previous Year's Total	767,231,064	7,796,635	3,706,297	771,321,402	325,909,820	52,768,862	1,680,649	376,998,034	394,323,368	441,321,244







**CLASSIC DIAMONDS (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF THE PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31ST MARCH, 2011**

	CURRENT YEAR		PREVIOUS YEAR	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>SCHEDULE : VIII</b>				
<b>SALES</b>				
Sales		5,104,783,238		7,032,502,445
Exchange Rate Difference on Exports		(81,596,729)		(515,335,587)
		<u>5,023,186,509</u>		<u>6,517,166,858</u>
<b>SCHEDULE : IX</b>				
<b>OTHER INCOME</b>				
Interest Income (Gross)		10,084,259		11,037,834
(TDS Rs.9,39,864/-; Previous Year Rs.18,07,462/-)				
Rent		18,000		18,000
Profit / (Loss) on Sale of Assets		(2,641,497)		(1,564,550)
ERD on Others		3,330		(54,307)
Re-Assortment Charged Recd		-		218,507
Share of Profit in Rup Diamonds (Net of Tax)		(742,559)		2,699,138
Gain / (Loss) on Forward Contract / Options		8,709,662		77,594,633
ERD on Term Loan		874,499		26,599,684
Sundry Balance W/back (Net)		10		48,122
Miscellaneous Income		753,636		1,183,288
		<u>17,059,340</u>		<u>117,780,351</u>
<b>SCHEDULE : X</b>				
<b>INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS</b>				
Closing Stock		678,992,122		2,315,932,686
Opening Stock		2,315,932,686		1,765,165,625
		<u>(1,636,940,564)</u>		<u>550,767,061</u>
<b>SCHEDULE : XI</b>				
<b>MATERIALS COST</b>				
Opening Stock		752,403,095		1,030,363,576
Add : Purchases	1,528,582,667			2,631,093,164
Exchange Rate Difference on Imports	(18,218,881)	1,510,363,786		(304,092,584)
		<u>2,262,766,881</u>		<u>3,357,364,155</u>
Less : Sale of Rejection Diamonds				
(Including Exchange Rate Difference)				
Closing Stock	640,797,508			752,403,095
		<u>640,797,508</u>		<u>752,403,095</u>
		<u>1,621,969,373</u>		<u>2,604,961,060</u>
<b>SCHEDULE : XII</b>				
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>				
Salaries, Wages and Bonus		90,962,230		174,095,184
Payments to Directors		6,053,560		5,105,128
Gratuity		2,053,628		1,294,558
Contribution to Provident and Other Funds		2,451,788		3,331,351
Workmen and Staff Welfare Expenses		976,585		1,456,763
		<u>102,497,791</u>		<u>185,282,984</u>

**SCHEDULE : XIII****MANUFACTURING AND OTHER EXPENSES**

Commission and Brokerage	34,647	196,890
Stores and Spares Consumed	6,464,633	8,017,236
Power and Fuel	9,405,375	11,695,202
Rent	6,786,014	9,342,963
Repairs and Maintenance to :		
Building	745,277	1,421,673
Plant and Machinery	716,339	698,807
Others	2,161,472	2,389,384
	<u>3,623,088</u>	-
Insurance Charges (Incl. ECGC Premium)	6,206,394	5,970,897
Rates and Taxes	499,907	482,324
Labour Charges	11,380,139	9,554,709
Packing Materials Charges	65,651	131,382
Assortment and Valuation Charges	4,309	25,286
Freight and Forwarding	3,782,109	6,314,384
Postage, Telegram, Telex and Telephone Expenses	2,662,108	3,657,648
Travelling and Conveyance	3,898,185	3,557,959
Printing and Stationery	652,890	1,001,663
Licences, Registration and Other Fees	325,412	213,893
Sales Promotion Expenses	606,135	586,171
Advertisement	63,040	149,472
Auditors Remuneration	551,500	137,875
Legal and Professional Charges	6,323,814	13,940,219
Motor Car Expenses	428,753	573,436
Miscellaneous Expenses	-	4,668,753
Donation	39,688	557,852
Sundry balances written off (Net)	(262,276)	23,110
Cash Transaction Tax	-	-
Gain / (Loss) on Forward Contract / Options	-	-
ERD on Term Loan	-	-
	<u>63,541,517</u>	<u>85,309,187</u>

**SCHEDULE : XIV****FINANCE COST**

Bank Charges	16,668,186	30,123,267
Interest to Banks	300,859,727	283,564,844
Interest on Term Loan	8,703,134	22,102,279
Interest to others	-	-
	<u>326,231,046</u>	<u>335,790,391</u>



**CLASSIC DIAMONDS (INDIA) LIMITED**

**SCHEDULE FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**  
**SCHEDULE XV**

**SIGNIFICANT ACCOUNTING POLICIES & NOTE ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**I. GENERAL**

- I.1 The Accounts have been prepared on historical cost basis ignoring changes, if any, in the purchasing power of money.
- I.2 All revenues and expenses are accounted on accrual basis except to the extent stated otherwise. Insurance claims and refund from governments are accounted for on realization basis.

**2. FIXED ASSETS AND DEPRECIATION:**

- 2.1 Fixed assets are stated at cost of acquisition and include other direct/indirect and incidental expenses incurred to put them into use, but excludes Cenvat availed on such assets.
- 2.2 Depreciation on fixed assets has been provided on Written Down Value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- 2.3 Depreciation is provided on pro-rata basis with reference to the date of addition / installation / deletion except in case of assets costing Rs 5,000/- or less, which are depreciated at 100% in the year of acquisition.

**3. INVENTORIES:**

- 3.1 Due to the short period of processing and / or manufacturing, difficulty in identifying the stages of process and the insignificant impact on valuation, goods in process, including polished diamonds, are classified as raw materials for the purpose of classification and valuation.

**3.2 VALUATION:**

**a) RAW MATERIALS:**

Diamonds (including in process) are valued at cost on specific identification basis. Other items of raw material are valued at cost on FIFO basis.

**b) FINISHED GOODS:**

Polished diamonds are valued at estimated cost or estimated net realizable value whichever is lower. In view of the nature of variation in the values of individual diamonds and the differential in their processing costs, it is not practicable to compute the cost of polished diamonds using either FIFO or Weighted average cost. In view of the numerous grades, it is not practicable to use specific costs. The method of valuation is therefore in compliance with "AS-2" issued by the Institute of Chartered Accountants of India to the extent practicable.

Jewellery is valued at lower of cost on weighted average basis or net realized value.

**c) ROUGH REJECTION:**

Rough Rejection Diamonds are valued at estimated realizable value.

**d) STORES AND SPARES:**

Stores and Spares are valued at cost.



#### 4. SUNDRY DEBTORS AND RECEIVABLES:

Sundry debtors, loans and advances are stated at the value if realised in the ordinary course of business. Irrecoverable amounts, if any, are accounted and / or provided for as per management's judgement or only upon final settlement of accounts with the parties.

#### 5. INVESTMENT:

5.1 Long Term Investments are carried at cost after deducting provision, in cases where the fall in market value has been considered of permanent nature.

5.2 Current Investments are stated at lower of cost and fair value.

#### 6. FOREIGN CURRENCY TRANSACTIONS:

6.1 Transactions in foreign currency are accounted at the exchange rate prevailing on the date the transactions have taken place.

6.2 Gain or loss upon settlement of transaction during the year is recognized in Profit and Loss account except in respect of foreign exchange liabilities in relation to fixed assets where such gains or losses are adjusted in carrying amount of respective fixed assets.

6.3 Assets and Liabilities denominated in foreign currency are restated at the year-end rates. Gains or losses arising as a result of above are recognized in Profit and Loss account except in respect of foreign exchange liabilities in relation to fixed assets where such gains or losses are adjusted in carrying amount of respective fixed assets.

6.4 In respect of foreign exchange transactions covered by forward exchange / options contracts:

- The difference between the contract rate and the exchange rate at date of the transaction is recognized as income or expense over the life of the contract, except in respect of liabilities incurred for acquiring fixed assets where such difference is adjusted in carrying amount of respective fixed assets.
- The difference between the exchange rate at date of the transaction and year-end exchange rate is recognized as income or expense in Profit and Loss account, except in respect of liabilities incurred for acquiring fixed assets where such difference is adjusted in carrying amount of respective fixed assets.
- Gains or losses on cancellation or renewal of contracts are recognized as income or expenses, except in respect of fixed assets where such gains or losses are adjusted in carrying amount of the respective fixed assets.

#### 7. RETIREMENT BENEFITS:

7.1 Liability for gratuity on retirement is accounted based on the assumption that such benefits are payable to all eligible employees at the end of the accounting year.

7.2 Liability for leave encashment to staff and workers for the year is paid / provided in the year of accrual.

#### 8. SALES:

Sales are inclusive of freight and insurance, if any.

9. **BORROWING COST:**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, as defined in AS-16 on "Borrowing Cost" are capitalized as cost of the assets, up to the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

10. **IMPAIRMENT OF ASSETS:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. Where there is an indication that an assets is impaired, the recoverable amount, if any, is estimated and impairment loss is recognized to the extent of carrying amount exceed recoverable amount.

11. **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

12. **TAXATION:**

12.1 Provision for current Income - Tax is made on the basis of the estimated Taxable Income for the current year in accordance with the provisions of the Income Tax Act, 1961.

12.2 Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred Tax Assets are recognized for all deductible timing differences and carried forward to the extent there is reasonable certainty that sufficient future taxable profit will be available against which such deferred tax assets can be realized.

B. **NOTES ON ACCOUNTS**

1. **CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF**

		<b>31/03/2011</b>	<b>31/03/2010</b>
		<b>Rupees</b>	<b>Rupees</b>
a)	Property Tax	496,020	(429,884)
b)	<b>Guarantees given to bank and others:</b>		
Sr No.	<b>NAME OF THE BANK</b>	<b>31/03/2011</b>	<b>31/03/2010</b>
		<b>Rupees</b>	<b>Rupees</b>
1	ICICI BANK	223,200,000	(225,550,000)
2	BANK OF INDIA	27,000,000	(27,000,000)
3	PUNJAB NATIONAL BANK	13,000,000	(13,000,000)
4	ABN AMRO BANK	-	(50,000,000)



Secured by counter guarantee of directors, lien on FDR Rs. 158,353,801/-.(Previous Year 159,686,689/-)

## 2. IN THE OPINION OF THE DIRECTORS:

- The current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- The provisions for all known liabilities are adequate and not in excess of the amounts reasonably necessary.

## 3. PAYMENTS TO AUDITORS:

	31/03/2011	31/03/2010
	Rupees	Rupees
a) Audit Fees	330,000	(82,725)
b) Tax Audit Fees	55,000	(16,545)
c) Certification Fees	165,000	(38,605)
Grand Total	550,000	(137,875)

## 4. PAYMENTS TO DIRECTORS:

	31/03/2011	31/03/2010
	Rupees	Rupees
a) Salaries, Bonus and Allowances	5,920,000	(5,586,548)
b) Perquisites	-	(573,436)
c) Contribution to Provident and Other Funds	21,060	(28,080)
d) Sitting Fees	112,500	(110,000)
e) Gratuity	90,865	(-856)
	6,144,425	(6,297,208)

## 5. Managerial Remuneration:

Calculation of Net Profit U/s 198 read with section 309(5) of the Companies Act, 1956 :

	31/03/2011	31/03/2010
	Rupees	Rupees
Net Profit before tax	74,721,347	(17,69,03,795)
Add: (1) Managerial Remuneration	60,31,925	(61,87,208)
(2) Loss on Sale of Fixed Assets (If loss is more than original cost)	NIL	NIL
(3) Provision for Doubtful Debts	NIL	(NIL)
	80,753,272	(18,30,91,003)
Less: (1) Profit/(Loss) on Sale of Fixed Assets (Any profit above original cost)	NIL	NIL
Profit as per Section 198 of the Companies Act, 1956	80,753,272	(18,30,91,003)
10% of the above (See section 309 of the Companies Act, 1956) Managerial Remuneration Paid	80,75,327	(18,309,100)
	60,31,925	(61,87,208)

- Prior period expenses of Rs. 1,74,949/- and income of Rs. 40,034/- [Previous year Prior period Expense of Rs. 245,232/- and income of Rs. 896,954/-] are debited / credited to Miscellaneous Expenses / Miscellaneous Income.
- The company has made provision amounting to Rs. 60,79,668/- for gratuity and Rs. 4,14,456/- towards leave encashment payable to its employees as at 31<sup>st</sup> March 2011. However the said sum is not actuarially valued as required by AS-15.



8. a) Details of foreign currency exposures that are hedged by option/forward instruments or otherwise: (Rupees in Lacs)

(Rupees in Lacs)

Particulars	Foreign Currency	Equivalent Indian Currency (Rs)	Purpose
Debtors	USD 2,800,000 (USD 2,615,000)	1,249.36 (1,179.10)	Hedging the risk.
Creditors	NIL (USD 0)	NIL (0)	Hedging the risk.
Term Loan	NIL (USD 0)	NIL (0)	Reducing the Interest Liability

b) Details of foreign currency exposures that are un-hedged by option/forward instruments or otherwise:

(Rupees in Lacs)

Particulars	Currency	Foreign Currency	Equivalent Indian Currency (Rs)
Debtors	USD (\$)	143,357,189.29 (105,423,013.31)	63,965.98 (47,535.24)
Other Assets	USD (\$)	2,211.41 (2,404.41)	0.99 (1.08)
Creditors	USD (\$)	60,753,859.32 (60,137,630.73)	27,120.52 (27,128.09)
Banks	USD (\$)	48,86,124.88 (11,341,354.61)	2,181.17 (5,116.09)

9. PARTICULARS OF INVESTMENT IN PARTNERSHIP FIRM:  
(AUDITED)

Name of the Firm : M/s. Rup Diamonds  
Total Capital of the Firm : Rs. 67,074,764/- (64,389,946/-)

Name of the Partners and share of each partner is as follows:

Name	Ratio (%)	Profit sharing
1. Kumar C. Bhansali	10%	
2. Nirav K. Bhansali	10%	
3. Classic Diamonds (India) Limited	80%	
	<u>100%</u>	

10. (a) The supplier's invoices or other documents furnished by them do not give any ostensible information about their status and in particular, whether a small scale industrial undertaking (SSI UNITS). Accordingly, it is not possible to disclose any authentic information about dues to SSI units.

(b) In the absence of any intimation received from vendors regarding the status of their registration under "Micro, Small and Medium Enterprises Development Act, 2006", the company is unable to comply with the disclosures required to be made under the said Act.



11. The balance due to / from the parties are subject to confirmation.

## 12. DEFERRED TAX ASSET/LIABILITIES (NET):

Major components of deferred tax assets and liabilities arising on account of timing differences as on 31<sup>st</sup> March, 2011 are mentioned below:

Particulars	As at 31/03/2011 (Rupees)		As at 31/03/2010 (Rupees)	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation	2,056,807	3,120,700	1,951,337	4,375,138
Provision for Gratuity	2,019,514		2,001,204	
Provision for Bonus	150,938		38,531	
Adjudication Expenses	116,261	-	246,237	-
Provision for Doubtful Debts	-		164,442	
Leave Salary	127,621	-	145,088	-
<b>Total</b>	<b>4,471,141</b>	<b>3,120,700</b>	<b>4,546,839</b>	<b>4,375,138</b>
<i>Deferred tax Asset / (Liability) (Net)</i>	<b>1,350,441</b>		<b>171,701</b>	

13. Debtors includes debts due from Company under the same management, details of these outstanding are as follows:

Name of the Company	31/03/2011	31/03/2010
	Rupees	Rupees
Aarohi Diamonds Ltd.	724,189,044	(974,198,557)
Aarohi Diamonds LLC	69,383,100	Nil

## 14. RELATED PARTY DISCLOSURES:

Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below:

### A. List of Related Parties ( As Per Management)

#### i) Associates

M/s. Rup Diamonds, M/s. Classic Gems, M/s. Pinky Diamonds, Comfort Investment Pvt. Ltd., M/s. Lazer Mac, Classic Jewellery Limited, Aarohi Diamonds Limited HK, Aarohi Diamonds Private Limited, Diamax Investment and Finance Private Limited, Armaan Diamonds Private Limited, Classic Gems and Jewels Pvt. Ltd., Rupen Diamonds Pvt. Ltd., Aarohi Diamonds LLC.

#### ii) Key Management Personnel and Relatives

Mr. Kumar C. Bhansali, Mr. Mayank R. Mehta, Mr. Nirav K. Bhansali, Mr. Hiren Shah, Mr. Chandrakant M. Bhansali.





B. Transactions with related Parties:

Nature of Transactions	Associates		Key Management Personnel & Relatives	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	Rupees	Rupees	Rupees	Rupees
1) Sales	1,548,264,680	(2,360,254,155)	-	-
2) Purchases	160,640,287	(1,233,498,852)	-	-
3) Rent Paid	135,000	(135,000)	-	-
4) Rent Received	18,000	(18,000)	-	-
5) Managerial Remuneration	-	-	6,144,425	(5,692,407)
6) Share of Profit/(Loss) in Partnership Firm (Net of Tax)	-742559	(2,699,138)	-	-
7) <u>Outstanding Balance</u>				
As on 31st March, 2011 :				
Due to Company	793,572,144	(1,140,373,439)	-	-
Payable by Company	-	-	29,953,485	(20,884,594)
8) Investment in Associate/Partnership Firm	-21436969	(2,399,627)	-	-

15. SEGMENTAL INFORMATIONS:

A) Primary Segment

The Company's operations predominantly relate to export of Diamonds and Gold studded Jewellery.

Based on the guiding principle given in the Accounting Standard – 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's primary segments are Diamonds and Gold studded Jewellery.

The above business segments have been identified considering:

- i) The nature of the products
- ii) The related risks and returns
- iii) The internal financial reporting system.

B) Accounting policies

The accounting principles consistently used in preparation of financial statements are also consistently applied to record income and expenditure in individual segments. These are set out in the note on significant accounting policies.

Inter division transfers are made at the cost.

Interest expenses and interest income are reported as unallocated expense / income. Accordingly assets and liabilities relating to interest income and expenses are reported as in unallocated assets and liabilities respectively.

Sl. No.	Particulars	Diamonds Current Year	Diamonds Previous Year	Jewellery Current Year	Jewellery Previous Year	Eliminations Current Year	Eliminations Previous Year	Total Current Year	Total Previous Year
A.	Revenues								
	External sales (Including exchange rate difference)	5,325,656,032	7,074,225,230	1,466,073,332	1,580,948,685	(1,768,542,855)	(2,138,007,058)	5,023,186,509	6,517,166,857
	Inter segment sales	5,680,189	4,605,219	-	-	(5,680,189)	(4,605,219)	-	-
	Total revenues	5,331,336,221	7,078,830,449	1,466,073,332	1,580,948,685	(5,680,189)	(4,605,219)	5,023,186,509	6,517,166,857
B.	Results								
	Segmental results	313,167,250	300,357,679	64,398,754	166,005,941	-	-	377,566,004	466,363,620
	Add / Less:								
	Interest Paid	-	-	-	-	-	-	309,562,861	304,779,346
	Interest Received	-	-	-	-	-	-	9,317,999	10,904,803
	Profit on Sale of Assets	-	-	-	-	-	-	285,438	-
	Loss on Sale of Assets	-	-	-	-	-	-	2,926,935	-1,564,550
	Unallocated incomes	-	-	-	-	-	-	41,701	2,850,169
	Operating profit before tax	-	-	-	-	-	-	74,721,347	176,903,795
	Income tax including deferred tax & earlier year tax adjustment	-	-	-	-	-	-	14,708,615	2,728,729
	Profit after tax	-	-	-	-	-	-	60,012,732	174,175,066
C.	Other Informations								
	Segment assets	6,814,817,500	6,760,254,644	1,617,592,457	1,690,392,473	-	-	8,432,409,957	8,450,647,117
	Unallocated assets	-	-	-	-	-	-	3,183,154	201,744,245
	Total assets	-	-	-	-	-	-	8,435,593,111	8,652,391,361
D.	Segment liabilities	949,624,552	1,253,015,742	1,972,841,637	1,762,390,692	-	-	2,922,466,189	3,015,406,434
	Unallocated liabilities	-	-	-	-	-	-	3,069,488,920	3,253,359,658
	Total liabilities	-	-	-	-	-	-	5,991,955,110	6,268,766,092
E.	Capital employed	5,865,192,948	5,507,238,902	(355,249,180)	(71,998,220)	-	-	2,443,638,001	2,383,625,269
F.	Capital expenditures	19,693,420	6,778,236	1,243,265	561,300	-	-	20,936,685	7,339,536
G.	Depreciation	36,346,520	45,721,596	5,926,143	7,047,266	-	-	42,272,663	52,768,862
H.	Non Cash expenditure other than depreciation / amortisation	-	-	-	-	-	-	-	-

Segmental assets and liabilities does not include inter segment assets and liabilities.



C) Secondary Segment

As the company operates significantly in export of the above-mentioned products, there is no secondary segment on the basis of geographical location or assets based locations.

16. EARNINGS PER SHARE (EPS):

Earnings Per Share (EPS) is calculated in accordance with Accounting Standard 20 (AS-20) as under:

	<u>31/03/2011</u>	<u>31/03/2010</u>
	<u>Rupees</u>	<u>Rupees</u>
a) Net profit available for equity shareholders (Numerator used for calculation)	60,012,732	(174,175,066)
b) <u>Weighted Average No. of Equity Shares</u> Basic (Denominator used for calculation)	39,220,000	(39,220,000)
c) Nominal Value of Equity Shares (Rs.)	2	(2)
d) <u>Earning per share</u> Basic	1.53	(4.44)



17 a) Value of Import on CIF basis	<u>Rupees</u>	<u>Rupees</u>		
Raw Materials	985,923,435	(1,870,995,273)		
Packing materials	-	-		
Traded goods	161,109,036	(1,152,109,158)		
Stores & spares	1,648,276	(1,271,442)		
Capital goods	-	(2,797,446)		
b) Expenditure in foreign currency on account of :				
Travelling expenses	2,770,071	(2,450,843)		
Membership & subscription	-	(4,009)		
c) Breakup of the value of raw materials consumed (including inter unit transfer) :				
	<u>Rupees</u>	<u>%</u>	<u>Rupees</u>	<u>%</u>
Imported	1,483,538,001	91.47	(2,426,245,450)	(92.98)
Indigenous	138,431,371	8.53	(183,320,829)	(7.02)
	<u>1,621,969,373</u>	<u>100.00</u>	<u>(2,609,566,280)</u>	<u>(100.00)</u>

II) Breakup of the value of stores and spare part consumed :

	<u>Rupees</u>	<u>%</u>	<u>Rupees</u>	<u>%</u>
Imported	1,773,688	27.44	(1,856,224)	(23.15)
Indigenous	4,690,945	72.56	(6,161,012)	(76.85)
	<u>6,464,633</u>	<u>100.00</u>	<u>(8,017,235)</u>	<u>(100.00)</u>

d) Earning in foreign exchange	<u>Rupees</u>	<u>Rupees</u>
FOB Value of Exports	4,746,261,954	(6,706,602,159)

e) Licensed and installed capacity and production : (As Certified by the Management)

PARTICULARS	DIAMOND DIVISION	JEWELLERY DIVISION	
		JEWELLERY	DIAMOND
1) Licensed Capacity	* 666,000 cts (666,000)	105,000 Pieces 450,000 Gms (105,000) Pieces (450,000) Gms	112,500 Cts.   (112,500) Cts.
2) Installed Capacity	* 204,000 cts (204,000)	** 850,000 Gms (850,000) Gms	100,000 Cts. (100,000) Cts.
3) Actual Production	29,817.07 cts (69,456.13) cts	327,184.52 Gms (372,297.34) Gms	- Cts. (-) Cts.

\* Licensed and Installed capacity of diamond division is only in respect of EOU Unit of Surat Division.

\*\* On Triple Shift Basis

Additional Information required under Para.3,4C and 4D of Part II of Schedule VI to the Companies Act,1956, (As certified by the Managing Director, and relied upon by the Auditors) to the extent applicable, is as follows:

f) RAW MATERIALS CONSUMED:

	QUANTITY	VALUE IN RUPEES
<b>I DIAMOND DIVISION</b>		
Rough Diamonds *	121,664.84 (586,601.08)	339,203,401 (1,272,141,503)
<b>II JEWELLERY DIVISION</b>		
Gold (Gms.)	71,398.11 (128,154.15)	113,099,495 (194,656,613)
Polished Diamonds (Cts)	42,657.18 (34,618.11)	1,062,340,248 (983,773,025)
Precious & Semi Precious stones (Cts.)	19,117.02 (4,677.87)	3,997,093 (1,527,886)
Platinum (Gms.)	359.02 (319.46)	644,602 (560,069)
Alloy (Gms.)	145,437.82 (176,183.51)	1,605,230 (1,350,129)
Silver (Gms.)	36,806.95 (32,645.62)	1,044,380 (681,317)
Mountings (Gms.)	57,830.32 (89,413.32)	103,173,342 (145,521,807)
Rough Diamonds ( Cts)	10.36	7,366
Gold Findings (Gms.)	1,990.76 (8,812.49)	2,242,093 (9,322,657)
Silver Finding	4,577.63 (542.14)	292,311 (31,273)
		1,627,649,561 (2,609,566,279)
Less : Inter Division Transfer		5,680,189 (4,605,219)
<b>Total consumption</b>		<b>1,621,969,372</b> <b>(2,604,961,060)</b>

Note: The consumption shown above has been arrived at on the basis of opening stock plus purchases (Inclusive of ERD) minus closing stock and Sales of rejections, if any.

\* Rough Diamonds Consumption includes sale of rough diamond.



g) Information in respect of opening stock, purchase & Manufacturing, sales and closing stock of finished goods. (As certified by Management)

Description	Opening Stock		* Purchase & Manufacturing		** Sales		Quantity
	Quantity	Value	Quantity	Value	Quantity	Value	
		Rupees		Rupees		Rupees	
Fully processed	140,904.35	2,263,662,610	371,460.09	1,168,083,850.00	482,619.03	3,508,933,446	29,745.41
Polished diamonds (Carats)	(98,147.12)	(1,711,750,367)	(616,599.72)	(3,744,697,990.00)	(573,842.49)	(4,845,865,852)	(140,904.35)
Gold Jewellery Studded with Diamonds (Gms.)	16,844.62 (17,461.20)	52,270,076 (53,415,258)	327,190.13 (369,051.35)	-	336,721.62 (369,667.93)	1,466,073,332 (1,721,961,097)	7,313.13 (16,844.62)
<b>Total</b>		2,315,932,686 (1,765,165,625)		1,168,083,850 (3,744,697,990)		4,975,006,778 (6,567,826,949)	

\* Includes Exchange Rate Difference

\*\* Includes Traded Goods & net of Transfer to Jewellery Division.

- Figures in Bracket are in respect of previous year.
- Previous years figures have been rearranged and regrouped wherever considered necessary to make them comparable with the current year's figures.

Signatures to Schedule I to XV

As per our report of even date

For APTE & CO.  
Chartered Accountants

JAYANT APTE  
Partner

Mumbai  
Dated: 11th August, 2011

KUMAR C. BHANSALI  
Managing Director

NIRAV K. BHANSALI  
Whole Time Director

MAYANK R. MEHTA  
Whole Time Director

Mumbai  
11th August, 2011



## BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.  State Code   
Balance Sheet Date  Month  Year

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. '000)

Public Issue  Right Issue   
Bonus Issue  Private Placement

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. '000)

Total Liabilities  Total Assets   
Source of Funds Application of Funds  
Paid up Capital  Net Fixed Assets   
Reserves and Surplus  Investments   
Secured Loans  Net Current Assets   
Deffered Tax Liabilities (Net)  Deffered Tax Assets (Net)

### IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. '000)

Turnover  Total Expenditure   
Profit Before Tax  Profit After Tax   
Earnings Per Share in Rs.  Dividend Rate %

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No.  Product Description   
(ITC Code)  
Item Code No.  Product Description   
(ITC Code)  
Item Code No.  Product Description   
(ITC Code)

For and on behalf of the Board

KUMAR C. BHANSALI  
Managing Director

NIRAV K. BHANSALI  
Whole Time Director

MAYANK R. MEHTA  
Whole Time Director

Mumbai  
Date : 11th August, 2011



CLASSIC DIAMONDS (INDIA) LIMITED

Registered Office: 1002, Prasad Chambers, Opera House, Mumbai 400 004.

[FORM 2B]
(See Rules 50)

NOMINATION FORM

[To be filled in by individual(s) applying singly or jointly]

I/We \_\_\_\_\_ the holder(s) \_\_\_\_\_
of shares bearing number(s) \_\_\_\_\_ Folio No./DPID No. \_\_\_\_\_ Clint ID
\_\_\_\_\_ No. \_\_\_\_\_ of CLASSIC DIAMONDS (INDIA) LIMITED wish to make a nomination and do
hereby nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares shall vest in the
event of my/our death.

Name(s), Address (es) and Signature(s) of nominee(s)

Name : \_\_\_\_\_
Address : \_\_\_\_\_
Date of Birth\* : \_\_\_\_\_
Telephone No. : \_\_\_\_\_
Signature : \_\_\_\_\_

(\*To be furnished in case the nominee is a minor)
\*\*the nominee is a minor whose guardian is:

Name and Address of the Guardian: \_\_\_\_\_
Signature of Guardian: \_\_\_\_\_

(\*\*To be deleted if not applicable)

1) First Holder Signature : \_\_\_\_\_ Name : \_\_\_\_\_
2) Second Holder Signature : \_\_\_\_\_ Name : \_\_\_\_\_

3) Third Holder Signature : \_\_\_\_\_ Name : \_\_\_\_\_

Place:
Date:
Name, Address and Signature of two witnesses:

Name and Address Signature with date
1.
2.

Please see Instruction on reverse of this page





## INSTRUCTIONS

1. The Nomination can be made only by the individuals holding shares on their own behalf, singly or jointly. Non-individuals, including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family and holder of power of attorney cannot nominate. If the shares are held jointly, all joint holders should sign the nomination form. Space is provided as a specimen, if there are more joint holders more sheets can be added for signature of holders of shares and witness.
2. A minor can be nominated by a holder of shares and in that event the name and address of the guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm of Karta of Hindu Undivided Family.
4. Nomination stands rescinded upon transfer of the shares.
5. Transfer of shares in favour of a nominee and repayment of amount of deposit to nominee shall be valid discharge by the company against the legal heir.
6. The Nomination Form should be submitted to the Company's Registrar and Transfer Agents at the following address:

### LINK INTIME INDIA PRIVATE LIMITED,

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400078

- Tel: (022) 2596 38 38
- Fax: (022) 2594 69 69



## CLASSIC DIAMONDS (INDIA) LIMITED

Registered Office: 1002, Prasad Chambers, Opera House, Mumbai 400 004.

### ATTENDENCE CARD

To be handed over at the entrance of the Meeting Hall

Name of the attending Member (in Block Letters)	Membership Folio Number or DP-ID & Client ID	I/We hereby record my/our presence at the Annual General Meeting of the Company held on Tuesday, 20 <sup>th</sup> September, 2011 at 11.00 A.M. at Jamnalal Bajaj Seva Trust's Karnalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021
Name of the Proxy (IN BLOCK LETTERS) (To be filled in if the proxy attends instead of the Members)	Number of Equity Shares held	Member's/Proxy's Signature (To be signed at the time of handling over this slip)

## CLASSIC DIAMONDS (INDIA) LIMITED

Registered Office: 1002, Prasad Chambers, Opera House, Mumbai 400 004.

### PROXY FORM

I/We \_\_\_\_\_ being Member /Members of CLASSIC DIAMONDS (INDIA) LIMITED hereby appoint \_\_\_\_\_ 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 \_\_\_\_\_, 2011 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011

Folio/Client ID No. \_\_\_\_\_ No. of shares Held \_\_\_\_\_

I Rupee  
Revenue  
Stamp

**Note:** The proxy Form duly Completed and Stamped must be lodged with the Company not less than 48 before the time for holding the aforesaid meeting.