



**Classic Diamonds (India) Ltd.**

**25th Annual Report 2011-2012**





**25<sup>th</sup> ANNUAL REPORT**  
**2011-2012**

**BOARD OF DIRECTORS :**

**Mr. Kumar C. Bhansali**  
Chairman & Managing Director

**Mr. Nirav K. Bhansali**  
Whole-time Director

**Mr. Madhukar G. Patankar**  
Director

**Mr. Nishikant S. Jha**  
Director

**Mr. Mayank R. Mehta**  
Whole-time Director  
(Resigned w.e.f 10<sup>th</sup> May, 2012)

**Mr. Yogesh K. Kaji**  
Director  
(Resigned w.e.f 10<sup>th</sup> May, 2012)

**AUDITORS :**

**M/s. Apte & Co.**  
Chartered Accountants

**BANKERS :**

**State Bank of India**

**Canara Bank**

**Industrial Development Bank of India Limited**

**Royal Bank of Scotland**

**Indusind Bank Ltd**

**Union Bank of India**

**Standard Chartered Bank**

**Axis Bank**



### NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of **CLASSIC DIAMONDS (INDIA) LIMITED** will be held at S.K. Somani Hall, Marine Drive, 79, Marine Drive, F Road, Patan Jain Road, Marine Lines, Mumbai 400020 on Friday, 28<sup>th</sup> September, 2012 at 6.00 p.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, 2012 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 re-appoint M/s. Apte & Co. as the statutory auditor of the Company for the Year 2012-2013, and to fix their remuneration.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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 Friday 21<sup>st</sup> September, 2012 to Friday 28<sup>th</sup> September, 2012 (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 in the Notice are as follows:  
  
Mr. Kumar C. Bhansali is the Chairman and Managing Director of the company and under his leadership the Company had reached astronomical heights in the markets. He is one of the promoter of the Company and has sound knowledge and practical experience in handling technical and financial aspects of the Companies.
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, 2005(2004-2005) has been transferred to the Investor Education and Protection Fund.
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 loose 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, 2006 (2005-2006) 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, Directors 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: M/s. Apte & Company were appointed as auditors by the shareholders at the Annual General Meeting held on 20<sup>th</sup> September, 2011 to hold office till the conclusion of this Annual General Meeting. M/s Apte & Company have given their consent to act as auditors for the Financial 2012-2013 and hence need to be reappointed as the Auditors of the Company.

**BY THE ORDER OF THE BOARD**

**Kumar C. Bhansali**  
Managing Director

Registered Office:  
701, Majestic Shopping Centre,  
144, J. S. S Road,  
Mumbai - 400 004

**Dated:** 14<sup>th</sup> August, 2012



**DIRECTOR'S REPORT**

To  
The Members,

Your Directors have great pleasure in presenting their Twenty Fifth Annual Report with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2012.

(₹ in Lacs)

**1. FINANCIAL RESULTS:**

<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED 31-Mar-12</b>	<b>FOR THE YEAR ENDED 31-Mar-11</b>
<b>1. FINANCIAL RESULTS</b>		
Sales (Incl. Exch. Difference)	22,554.93	50,231.87
Other Income	606.59	182.38
<b>Profit before Interest &amp; Depreciation (A)</b>	<b>1,641.88</b>	<b>4,303.77</b>
Less : 1) Interest	5722.67	3,095.63
2) Depreciation	361.62	427.73
<b>Total of Interest and Depreciation (B)</b>	<b>6084.29</b>	<b>3,518.36</b>
<b>Misc Items (C)</b>		<b>(26.41)</b>
<b>Profit before taxation (A-B-C)</b>	<b>(4442.41)</b>	<b>759.00</b>
Provision for & Deferred Taxation	1403.18	158.87
<b>Profit after taxation</b>	<b>(3039.23)</b>	<b>600.13</b>
Bal In P & L Account brought/forward	19291.08	18,690.95
	<b>16251.84</b>	<b>19,291.08</b>
<b>2. APPROPRIATIONS</b>		
Proposed Dividend (Incl Tax)		-
Transfer to General Reserve		
Balance carried forward	16251.84	19,291.08
	<b>16251.84</b>	<b>19,291.08</b>

**2. DIVIDEND:**

The sale for the year 2011-2012 has dipped down drastically by about 55%. Due to the unfavorable market conditions and the financial crisis, your company could barely maintain the level of revenue. The Company has also completely shut down its factories of Surat and SEEPZ due to non operational reasons. 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 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:**  
As mentioned above the Company's factories at Surat and SEEPZ are not functioning due to various reasons the major being the labour unrest for which dispute is pending in the labour court. The Company's turnover is based on trading and the margins in trading are usually squeezed but the Company somehow has managed to retain its important clients due to its good relationship and name in the diamond market.  
Till such time the Company reopens its factory there does not seem to be any hope for the revival. The consortium of bankers is also after the Company and the guarantors for liquidation of their outstanding. The Company in the process of negotiation with the bankers and is confident that with the reduced limits the Company shall once again commence production at its factories.
- 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 is in the process of disposing of some of the assets which are not required and the money realized through the sale of assets would help the company in reducing the debt burden.
- 6. DIRECTORS:**  
The Company has 6 Directors (Mr. Mayank Mehta & Mr. Yogesh Kaji has resigned w.e.f 10<sup>th</sup> May, 2012) of which 3 are Independent Directors. Mr. Kumar C. Bhansali is liable to retire by rotation and being eligible is offered for re- appointment.
- 7. AUDITORS:**  
M/s Apte & Co. Chartered Accountants will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. 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 (1) (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 2627.06 Lacs
Total Foreign Exchange earned	:	Rs 5632.35 Lacs

**12. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;



- 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;
- 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.

**Mr. Kumar C. Bhansali**  
Managing Director

**Mr. Nirav K. Bhansali**  
Director

Registered Office:  
701, Majestic Shopping Centre,  
144, J. S. S Road,  
Mumbai - 400 004

**Dated:** 14<sup>th</sup> August, 2012





**REPORT ON CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement, a report of Corporate Governance is given below:

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

The essence of Corporate Governance lies in its transparency, its efficiency lies in its ability to protect the stakeholders' interest. Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholders value and discharging of social responsibility. The Company remains accountable to shareholders and other stakeholders for its 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 as per the Listing Agreement. 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, 2012, Comprising of 2 Whole time/ Executive Directors, 1 Managing Director and 3 Independent Directors.

b) Board Meetings:

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

<b>Name of Directors</b>	<b>Category of Directors</b>	<b>Board Meetings attended during 2011-12</b>	<b>Attendance at the A.G.M</b>	<b>No. of other Directorship §</b>	<b>Membership of Board Committees of other Companies</b>
Mr. Kumar C. Bhansali	Chairman & Managing Director Executive	09	YES	1	NIL
Mr. Nirav K. Bhansali	Whole-time Director Executive	8	NO	1	NIL
Mr. Mayank Mehta (Resigned w.e.f 10.5.2012)	Whole-time Director Executive	06	YES	NIL	NIL
Mr. Yogesh K. Kajl (Resigned w.e.f 10.5.2012)	Director Non- Executive Independent	02	YES	NIL	NIL
Mr. Madhukar Pantankar	Director Non- Executive Independent	02	NO	NIL	NIL
Mr. Nishikant Jha	Director Non- Executive Independent	09	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, 2012:**

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>Shareholdings in the Company</b>
<b>1.</b>	<b>Mr. Madhukar Patankar</b>	-
<b>2.</b>	<b>Mr. Nishikant Jha</b>	-
<b>3.</b>	<b>Mr. Yogesh K. Kajl (Resigned w.e.f 10.5.2012)</b>	<b>87,920</b>
	<b>TOTAL:</b>	<b>87,920</b>

**3) COMMITTEES OF DIRECTORS:**

The Board has constituted the following three Committees of Directors:

- a) Audit Committee
- b) Remuneration Committee
- c) 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 27<sup>th</sup> May 2011; 8<sup>th</sup> August, 2011; 11<sup>th</sup> November, 2011 & 10<sup>th</sup> February, 2012. The composition, names of the members, chairperson of the meeting and attendance of the members during the year are as follows :

<b>Sr. No</b>	<b>Names of Members</b>	<b>Designation</b>	<b>Category of Director</b>	<b>Attendance at Meeting</b>
<b>1.</b>	<b>Mr. Nishikant Jha</b>	<b>Chairman</b>	<b>Independent Non-Executive.</b>	<b>4</b>
<b>2</b>	<b>Mr. Madhukar Patankar</b>	<b>Member</b>	<b>Independent Non-Executive.</b>	<b>4</b>
<b>3.</b>	<b>Mr. Yogesh K. Kajl (Resigned w.e.f 10.5.2012)</b>	<b>Member</b>	<b>Independent Non-Executive</b>	<b>3</b>

**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. Nishikant Jha 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 23<sup>rd</sup> March, 2012. The composition of the committee is as follows:



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

Details of Remuneration to the whole time directors for the year ended 31<sup>st</sup> March, 2012 are as follows:

Due to the non- functioning of Surat and Seepz Factory, the Company has incurred losses. The Independent Directors have consented to waive their sitting fees in view of the losses. The salaries paid to the other whole -time directors are as under.

<b>Director</b>	<b>Relationship with other Directors</b>	<b>Business Relationship</b>	<b>Sitting Fees</b>	<b>Salary/ Perquisites Gratuity</b>	<b>Contribution To P.F.</b>	<b>Total</b>
Mr. Kumar C. Bhansali	Son of Chandrakant Bhansali	Promoter's Family	-	310,800	7,020	317,820
Mr. Nirav K. Bhansali	Son of Kumar Bhansali	Promoter's Family	-	300,780	Nil	300,780
Mr. Mayank Mehta	None	None	-	840,000	7,800	847,800

**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 three times during the year on 7<sup>th</sup> July, 2011; 5<sup>th</sup> October, 2011; 4<sup>th</sup> January, 2012 and 5<sup>th</sup> April, 2012. The composition of the Investor's Grievance Committee and attendance of the Committee members at these meetings were as follows:

<b>Sr. No</b>	<b>Names of Members</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings Attended during the year 2011-2012</b>
1.	Mr. Kumar C. Bhansali	Chairman	Non-Independent Executive.	4
2.	Mr. Nishikant Jha	Member	Independent Non-Executive	2
3.	Mr. Nirav K. Bhansali	Member	Non-Independent Executive	4
4.	Mr. Yogesh Kajl (Resigned w.e.f. 10.5.2012)	Member	Non-Independent Executive	1



**Details in respect of Compliance Officer:**

Sr. No	Name	Designation of Compliance Officer
1.	Mr. Kumar C. Bhansali	Chairman & Managing Director

**Details of Investors Complaints and Requests during the Year 2011 – 2012 are as follows:**

Sr. No.	Nature Of Complaint	Whether Received		No. of Complaints Redressed	Pending Complaints
		SEBI	DIRECT		
1.	Non-Receipt of Share Certificate	-	1	1	NIL
2.	Non-Receipt of Dividend Warrant	-	5	5	NIL
3.	Non-Receipt of stickers for change in the name of the Company	-	1	1	NIL
4.	Correction of Name/Address	-	1	1	NIL
5.	Change of Address	-	11	11	NIL
6.	Stop Transfer/Procedure for Duplicate	-	5	5	NIL
7.	Issue of Fresh Demand Draft	-	3	3	NIL
8.	Transfer/Transmission/Deletion	-	1	1	NIL
9.	Issue of Duplicate Dividend Warrant	-	13	13	NIL
10	Revalidation & Replacement of Dividend Warrants	-	5	5	NIL
11	ECS Details	-	2	2	NIL
12	Registration of Bank Details	-	1	1	NIL
13	Non Receipt Exchange of Certificate	-	1	1	NIL
14	Others	-	2	2	NIL
	<b>TOTAL</b>		<b>52</b>	<b>52</b>	<b>NIL</b>

**Details of Shares in Physical form lodged for transfer during 2011-2012 are as follows:**

Sr. No	Total No. of Transfer Deed Received	Dispatched within 30 days of receipt.	Dispatched after 30 days of receipt
1.	11	11	-

**Share Transfer:**

Transfers of shares in physical form are effected and share certificates 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.

M/s Link Intime India Private Limited are well equipped to carry out the share transfer in physical form. They maintain the share transfer register and make entries for changes in the same.



**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:

<b>AGM</b>	<b>DATE</b>	<b>TIME</b>	<b>VENUE</b>	<b>SPECIAL RESOLUTIONS</b>
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
24 <sup>th</sup> AGM	20 <sup>th</sup> September, 2011	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 11(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, 2011; 30<sup>th</sup> September, 2011 and 31<sup>st</sup> December, 2011 along with Audited results for the year ended 31<sup>st</sup> March, 2012 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:**

<b>Annual General Meeting (Date, time and venue)</b>	28 <sup>th</sup> September, 2012 on Friday at 6.00 p.m. S.K. Somani Hall, Marine Drive, 79 Marine Drive, F Road, Patan Jain Road, Marine Lines, Mumbai- 400020
<b>Financial Calendar</b>	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.
<b>Book Closure Date</b>	Friday 21 <sup>st</sup> September, 2012 to Friday 28 <sup>th</sup> September, 2012 (Both days inclusive)
<b>Listing on Stock Exchanges</b>	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
<b>Registrar &amp; Share Transfer Agents.</b>	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
<b>Plant Locations</b>	1. G- 28, G& J Complex III, Seepz, Mumbai- 400096. 2. 138 & 139, SDF-V, Seepz, Mumbai- 400096. 3. GJ-12A, SDF VII, Seepz, Mumbai- 400096. 4. Unit No. E 5, Sub Plot 15, Plot No. 11 & 12, WICEL, MIDC, Andheri (East), Mumbai- 400093. 5. FP No. 65/A/P/1-B, TPS No.4, Behind Umiya Mata Mandir, A. K. Road, Surat.
<b>Address for Correspondence</b>	701, Seventh Floor, Majestic Shopping Centre Premises. Co-op, Soc Ltd. 144, J.S.S. Road Girgaum Mumbai- 400020 Tel: (022) 23633644 Fax: (022) 23633646 Email: <a href="mailto:compsec@classicdiamondsindia.com">compsec@classicdiamondsindia.com</a>
<b>Scrip Code</b>	BSE-523200 NSE- CLASSIC
<b>ISIN Number for NSDL and CDSL.</b>	INE987C01024



**b) Market Price Data: High/Low during each month of 2011-2012 on Stock Exchanges, Mumbai:**

Market Price Data	Share prices of the Company for the period 2011-2012			
	Bombay Stock Exchange Limited		The National Stock Exchange of India.	
Month	High(Rs)	Low(Rs)	High(Rs)	Low(Rs)
April, 2011	16.25	12.05	16.10	12.35
May, 2011	15.09	12.33	15.05	12.15
June, 2011	12.87	10.90	13.05	10.80
July, 2011	15.39	10.05	15.15	11.15
August, 2011	14.99	9.26	15.10	9.00
September, 2011	11.89	9.70	11.90	9.60
October, 2011	10.90	9.31	10.95	9.30
November, 2011	10.40	6.65	10.90	6.50
December, 2011	7.90	4.89	7.40	4.85
January, 2012	8.78	6.31	8.85	6.25
February, 2012	8.04	6.10	8.10	6.10
March, 2012	7.00	5.40	7.00	5.25

**(c) Categories of Shareholding as on 31<sup>st</sup> March, 2012:**

Categories	Number of Shares	Amount in Rs.	%
Promoters, Directors, Relatives and Companies under the same Management	2,53,77,209	5,07,54,418	64.7048
Mutual Funds	500	1,000	0.0013
Banks	15,93,138	18,90,706	2.4104
Private Corporate Bodies	13,01,372	26,02,744	4.0044
Trust	500	1,000	0.0013
Indian Public	1,05,80,961	2,11,61,922	26.97
NRI's	2,01,872	4,03,744	0.48
Clearing Members	1,64,448	3,28,896	0.42
<b>Total</b>	<b>3,92,20,000</b>	<b>7,84,40,000</b>	<b>100.00</b>



**d) Distribution of Shareholding as on 31<sup>st</sup> March, 2012:**

Shareholding of nominal values Rupees	Shareholders		Amount	
	Number	% of total	Rupees	% Of total
1 - 5000	8379	65.7383	18093780	4.6134
5001 - 10000	2463	19.3237	22622410	5.7681
10001 - 20000	939	7.3670	15532730	3.9604
20001 - 30000	323	2.5341	8472810	2.1603
30001 - 40000	136	1.0670	5007250	1.2767
40001 - 50000	143	1.1219	6882180	1.7548
50001 - 100000	215	1.6868	16080610	4.1001
100001 - Above	148	1.1611	299508230	76.3662
<b>Total</b>	<b>12,746</b>	<b>100.0000</b>	<b>392200000</b>	<b>100.0000</b>

**(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 condition 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 conditions of Corporate Governance By Classic Diamonds (India) Limited , for the year ended 31<sup>st</sup> March 2012 , 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 statement of the Company.

In our opinion and to the best of our information and according 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: 14<sup>th</sup> August, 2012



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

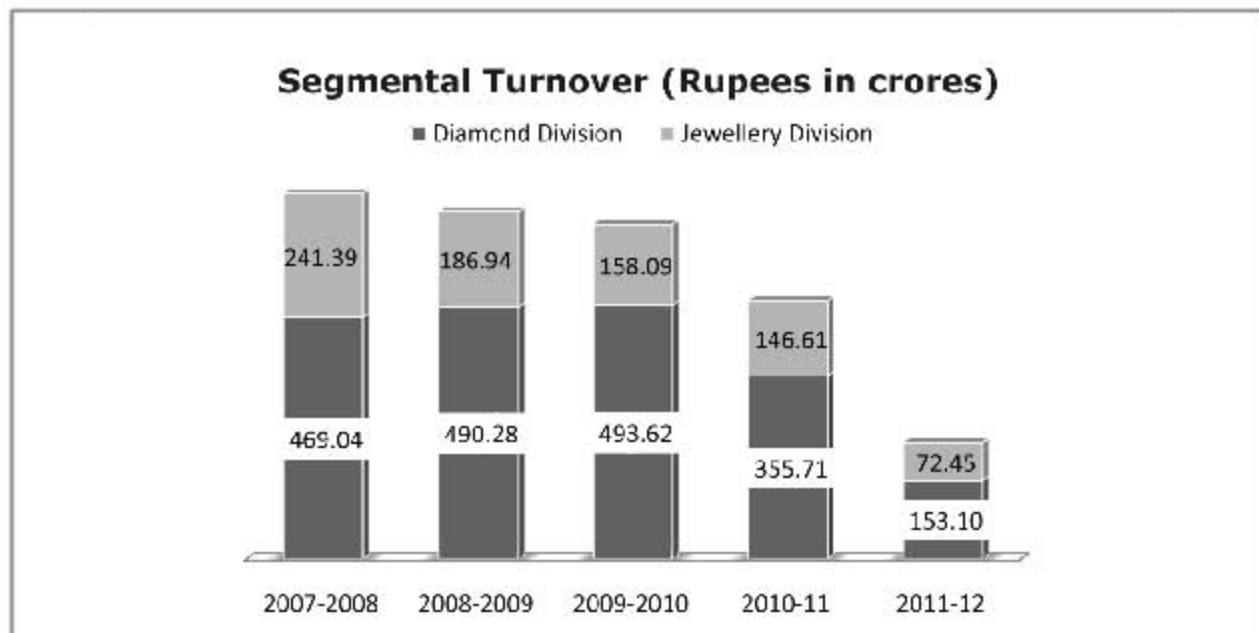
### OVERALL PERFORMANCE:

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 55 % mainly due to the worldwide recession. 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 21000 levels to over 30000 Rs per 10 gram since 2011. The Middle East sector also faced slow down along with political instability which pulled down the revenues.

Further the performance of your company was mainly hampered due to non availability of working capital finance. 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.

### PAST HISTORICAL PERFORMANCE:





### Net Profit / (Loss) Before Tax Rs in Crores



### **INDUSTRY OUTLOOK**

As evidenced by export performance figures of The Gems & Jewellery Export Promotion Council (GJEPC) for the year 2011-12, the Indian gems & Jewellery industry witnessed a decline in export performance. The export of Gems & Jewellery during the year demonstrated a decline of 2% over the previous year and stood at US\$ 40.97 billion.

The export of cut & polished diamond aggregated to US\$23.32 billion, declining by 17.32% over the previous year, signifying weakening of demand in key markets of USA, Middle East, South East Asia and Europe. The decline in sales is likely to be arrested in H2-2012 however; the rise to pre-crisis levels is expected only towards the end of the financial year.

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.22554.93 Lacs and incurred a net loss of Rs. 3039.23 Lacs as compared to turnover of Rs. 50231.87 Lacs and earned a net profit of Rs. 600.13 Lacs in preceding financial year, representing a 55 % decline in revenue. Earnings before interest, tax and depreciation (EBITDA) is Rs.1641.88 Lacs as compared to Rs. 4303.77 Lacs in preceding financial year, representing a decline of 61.85%.

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 USA, Europe and Middle East and particularly in the jewellery industry remain a concern for the profitability in the industry in the short to medium 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 i.e. 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 somewhat stressed 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, 2012, 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 subject to our observations in Para 5 below;
  - (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, subject to our observations in Para 6 below, in compliance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
  - (e) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2012 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, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
5. Note No.30 regarding lock-out at the Company's factory at SEEPZ and consequential non-availability of books of accounts and other records for the purpose of audit;
6. In our opinion and to the best of our information and according to the explanations given to us, and subject to Para 5 above and:
  - I. Provision of Gratuity / Leave encashment not being provided on actuarial basis, which is in non-compliance with the requirements of Accounting Standard 15 'Employee Benefits' as specified in the Companies (Accounting Standards) Rules, 2006. In the absence of an actuarial valuation



being made, we are unable to quantify the effect, if any, on the profits of the company for the year ended 31<sup>st</sup> March, 2012. (Refer Note No.36).

- ii. Note No.33 regarding change in method of accounting relating to foreign exchange transactions; the year end assets and liabilities have not been converted at closing rate which is in non-compliance with the requirements of Accounting Standard 11 'Foreign Exchange transactions' as specified in the Companies (Accounting Standards) Rules, 2006. Had such conversion being made, the gross amount of debtors & creditors (before giving netting off effect) would have been higher by ₹ 38,769.38 lakh and ₹ 30,938.77 lakh respectively and loss before tax for the year would have been lower by ₹ 7,830.62 lakh.

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 31st March, 2012;
- (b) in the case of Profit and Loss Account, of the Loss 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*  
Firm Reg. No.111925W

(Dr. Jayant Apte)  
Partner  
Membership No: 035494

Place: Mumbai  
Date: 14<sup>th</sup> August, 2012



**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF CLASSIC DIAMONDS (INDIA) LIMITED FOR THE YEAR ENDED 31ST MARCH, 2012**

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

- i. In respect of its fixed assets:
- The Company is in the process of compiling fixed assets records to show full particulars, including quantitative details and situation of fixed assets.
  - Physical verification of fixed assets was carried out by the management, but since fixed assets records are still under compilation, no comparison with book records has yet been made.
  - The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii. In respect of its inventories:
- As explained to us, the inventories other than those lying with outside parties were physically verified during the year by the management at reasonable intervals. However, records of such physical verification were not made available to us for verification.
  - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - Since inventory verification records were not available for verification, we are unable to determine whether the Company has maintained proper records of its inventories and whether material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Company has, neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (a), (b), (c), (d), (e), (f) and (g) of the order, are not applicable in the case of the Company.
- iv. In our opinion, and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- v. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - Where each of such transaction is in excess of ₹ 5 lakh in respect of any party, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, the transactions have been made at prices which are *prima facie* reasonable having regard to prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us and in so far as it appears from our audit, the Company has not accepted any deposits from the public. Accordingly, clause (vi) of paragraph of the order is not applicable in the case of the Company.





- vii. The company does not have a formal internal audit system. However, its internal control procedures ensure internal checking of financial records which in our opinion is reasonable under the circumstances having regard to the nature of the business and size of the Company.
- viii. As informed, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- ix. According to the information and explanations given to us in respect of statutory dues:
- a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, and Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Value Added Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with appropriate authorities.
- b) There were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable except Income Tax relating to Assessment Year 2011-12 amounting to ₹ 401.35 lakh.
- x. The Company does not have accumulated losses as at 31<sup>st</sup> March 2012. The Company has incurred cash losses during financial year ended on that date. However, no cash losses were incurred in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to banks amounting to ₹ 28,736.89 lakh in respect of loans repayable on demand. The Company has not defaulted in repayment of dues to financial institution. The Company has not issued any debentures and hence clause (xi) so far as it related to debenture holders does not apply in the case of the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute as specified under clause (xiii) of the said Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of paragraph 4 (xiv) of the Order are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given corporate guarantees to banks or financial institutions on behalf of associated concerns are not prejudicial to the interests of the Company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- xix. The Company has not issued any debentures. Accordingly, clause (xix) of paragraph 4 of the Order is not applicable in the case of the Company.



- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of significant fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by management.

For **APTE & CO.**  
Chartered Accountants  
Firm Reg. No.111925W

(Dr. Jayant Apte)  
Partner  
Membership No: 035494

Place: Mumbai  
Date: 14<sup>th</sup> August, 2012



**CLASSIC DIAMONDS (INDIA) LIMITED**

Balance Sheet as at 31st March 2012

Particulars	Note No.	As at 31st March 2012	As at 31st March 2011 (₹ In Lakhs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	784.40	784.40
(b) Reserves and Surplus	2	20,612.75	23,651.98
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	0.53	581.79
(c) Other Long-Term Liabilities	4	4,192.55	4,817.01
(d) Long-Term Provisions	5	73.34	60.80
<b>Current Liabilities</b>			
(a) Short-Term Borrowings	6	29,719.82	29,943.43
(b) Trade Payables	7	214.30	1,133.81
(c) Other Current Liabilities	8	5,238.07	778.57
(d) Short-Term Provisions	9	88.33	148.21
<b>TOTAL</b>		<b>60,924.08</b>	<b>61,900.00</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	3,259.30	3,688.97
(ii) Capital Work-in-Progress		132.24	131.96
(b) Non-Current Investments	11	228.54	228.54
(c) Deferred Tax Assets (Net)	12	1,416.68	13.50
(d) Long-Term Loans and Advances	13	61.16	65.07
(e) Other Non-Current Assets	14	41,363.17	16,473.35
<b>Current Assets</b>			
(a) Current Investments	15	(57.11)	(242.91)
(b) Inventories	16	1,536.99	13,211.93
(c) Trade Receivables	17	12,801.97	26,402.33
(d) Cash and Cash Equivalents	18	104.62	1,763.37
(e) Short-Term Loans and Advances	19	62.96	79.34
(f) Other Current Assets	20	13.55	84.54
<b>TOTAL</b>		<b>60,924.08</b>	<b>61,900.00</b>

**Significant Accounting Policies**

**Notes on Financial Statements**

29 to 47

As Per Our Attached Report Of Even Date

**For Apts & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 111925W**

**For and on behalf of the Board of Directors**

**Kumar C. Shansall**  
**Managing Director**

**Dr. Jayant Apts**  
**Partner**  
**Membership No. 035484**

**Nirav K. Shansall**  
**Whole Time Director**

Place : Mumbai  
Date : 14th August 2012

Place : Mumbai  
Date : 14th August 2012



**CLASSIC DIAMONDS (INDIA) LIMITED**

**Profit and Loss Statement for the year ended 31st March, 2012**

Particulars	Note No.	( ₹ in Lakhs)	
		For the year ended 31st March 2012	For the year ended 31st March 2011
Revenue from Operations	21	23,072.57	50,231.87
Other Income	22	109.21	197.01
<b>Total Revenue</b>		<b>23,181.79</b>	<b>50,428.87</b>
<b>Expenses:</b>			
Cost of Materials Consumed	23	10,763.90	16,219.69
Purchases of Stock-In-Trade		3,418.92	11,680.84
Changes in Inventories of Finished Goods	24	6,594.71	16,369.41
Employee Benefits Expense	25	422.96	1,024.98
Finance Costs	26	5,722.67	3,095.63
Depreciation and Amortization Expense	27	361.62	422.79
Other Expenses	28	339.43	868.39
<b>Total Expenses</b>		<b>27,624.20</b>	<b>49,681.66</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>(4,442.41)</b>	<b>747.21</b>
Exceptional Items		-	-
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>(4,442.41)</b>	<b>747.21</b>
Extraordinary Items		-	-
<b>Profit / (Loss) before tax</b>		<b>(4,442.41)</b>	<b>747.21</b>
<b>Tax Expense:</b>			
Current tax		-	158.87
Deferred tax		(1,403.18)	(11.79)
<b>Profit / (Loss) after tax for the year from continuing operations</b>		<b>(3,039.23)</b>	<b>600.13</b>
<b>Earnings Per Share</b>			
Basic		(7.75)	1.53

**Significant Accounting Policies**  
**Notes on Financial Statements**

29 to 47

As Per Our Attached Report Of Even Date

**For Apta & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 111925W**

**For and on behalf of the Board of Directors**

**Kumar C. Bhansali**  
**Managing Director**

**Dr. Jayant Apta**  
**Partner**  
**Membership No. 035494**

**Nirav K. Bhansali**  
**Whole Time Director**

Place : Mumbai  
Date : 14th August 2012

Place : Mumbai  
Date : 14th August 2012



**CLASSIC DIAMONDS (INDIA) LIMITED**

**Cash flow Statement for the year ended 31st March, 2012**

Particulars	(₹ In Lakhs)	
	31st March, 2012	31st March, 2011
<b>Cash flow from operating activities</b>		
Net Profit before tax	(4,442.41)	747.21
<b>ADJUSTMENTS:</b>		
Share of (Profit)/Loss from partnership Firm	8.84	7.43
Rent Income	(0.18)	(0.18)
Interest Income	(28.35)	(100.84)
Exchange fluctuation	123.03	(720.09)
Profit on Sale of Mutual Funds	(90.67)	-
Profit/Loss on sale of assets	20.17	26.41
Depreciation	361.62	422.73
Sundry Balance w/off (Net)	0.00	(2.62)
Interest Expenses	5,722.67	3,095.63
Provision for Gratuity	16.84	-
	<b>6,133.97</b>	<b>2,728.46</b>
<b>Operating Profit before working capital changes</b>	<b>1,691.56</b>	<b>3,475.67</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Trade and other receivables	(11,289.46)	(9,847.61)
Inventories	11,674.94	17,499.40
Trade payables	(871.16)	(7,042.00)
<b>Cash used in operation</b>	<b>1,205.88</b>	<b>4,085.46</b>
Direct taxes	2.02	76.63
<b>Net cash used in operating activities (A)</b>	<b>1,207.89</b>	<b>4,162.09</b>
<b>Cash flow from investing activities</b>		
Rent Income	0.18	0.18
Profit on Sale of Units of Mutual Funds	90.67	-
Purchase / Sale of Investment	-	238.37
Purchase / sale of fixed assets	(0.90)	118.32
Sale of fixed assets	48.78	-
Investment in partnership	(185.80)	-
<b>(B)</b>	<b>(47.07)</b>	<b>356.67</b>
<b>Cash flow from financing activities</b>		
Borrowings	(1,628.25)	(1,883.38)
Loans & advances	(73.44)	(255.80)
Interest (net)	(1,952.37)	(2,320.07)
Payment of dividend	(1.51)	(45.89)
<b>(C)</b>	<b>(3,655.57)</b>	<b>(4,505.14)</b>
<b>NET CASH / CASH EQUIVALENT (A+B+C)</b>	<b>(2,494.74)</b>	<b>13.81</b>
<b>Cash &amp; cash Equivalent at beginning</b>	<b>1,816.43</b>	<b>1,802.62</b>
<b>Cash &amp; cash Equivalent at the end</b>	<b>(878.31)</b>	<b>1,816.43</b>

As per our report of even date

For APTE & CO.  
Chartered Accountants

JAYANT APTE  
Partner

Place: Mumbai

For and on behalf of the Board

KUMAR C. BHANSALI  
Managing Director

NIRAV K. BHANSALI  
Whole-time Director

Place: Mumbai  
Date: 14th August, 2012



CLASSIC DIAMONDS (INDIA) LIMITED

Notes forming part of the financial statements for the Year ended 31st March, 2012

Particulars	(₹ In Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>1. Share Capital</b>		
<b>Authorized</b>		
7,50,00,000 (7,50,00,000) Equity Shares of ₹2/- each	1,500.00	1,500.00
<b>Total</b>	<b>1,500.00</b>	<b>1,500.00</b>

**Issued, Subscribed & Paid up**

3,92,20,000 (3,92,20,000) Equity Shares of ₹2/- each fully paid up

784.40

784.40

Of the Above Shares

24,70,000 (24,70,000) Equity Shares of ₹2 each allotted in the last five years as fully paid up, to the shareholders of erstwhile Purvi Diamonds Pvt. Ltd., pursuant to the Scheme of Amalgamation.

**Total**

**784.40**

**784.40**

The reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31st March 2012		As at 31st March 2011	
	Number	(₹ In Lakhs)	Number	(₹ In Lakhs)
Equity Shares outstanding at the beginning of the year	39,220,000	784.40	39,220,000	784.40
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	39,220,000	784.40	39,220,000	784.40

The details of Shareholders holding more than 5% shares :

Name of Shareholder	31st March 2012		31st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Nirav Bhansali	4,267,255	10.88%	4,267,255	10.88%
Mrs. Bhavani K. Bhansali	3,530,863	9.00%	3,530,863	9.00%
Mr. Kumar C. Bhansali	2,981,946	7.60%	2,981,946	7.60%
Mr. Kaushik C. Bhansali	2,800,000	7.13%	2,800,000	7.13%
Mr. Chandrakant M. Bhansali	2,681,405	6.80%	2,681,405	6.80%
Mr. Rupen C. Bhansali	2,200,000	5.61%	2,200,000	5.61%
Aarohi Diamonds Pvt. Ltd.	2,190,000	5.58%	2,190,000	5.58%



Particulars	( ₹ In Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>2. Reserves &amp; Surplus</b>		
Share Premium		
Balance as per Last Balance Sheet	846.60	846.60
	<u>846.60</u>	<u>846.60</u>
General Reserve		
Balance as per Last Balance Sheet	3,514.30	3,514.30
	<u>3,514.30</u>	<u>3,514.30</u>
Profit and Loss Account		
Balance as per Last Balance Sheet	19,291.08	18,690.95
Add: Net Profit / (Loss) for the year	(3,039.23)	600.13
	<u>16,251.84</u>	<u>19,291.08</u>
<b>Total</b>	<b><u>20,612.73</u></b>	<b><u>23,651.98</u></b>

Particulars	( ₹ In Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>3. Long Term Borrowings</b>		
<b>Term loans (Secured)</b>		
From banks	-	577.92
(Secured by equitable mortgage of the immovable property 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 Interest ₹NIL/- Previous Year ₹4.31 Lakhs)		
(Due Within 1Year ₹NIL/- Previous Year ₹577.92 Lakhs)		
<b>Other loans and advances</b>		
Car Loan	0.53	3.87
(Secured against hypothecation of Motor Cars)		
EMI ₹29,771/- due on every 10th of the month, Number of Installments-2, Rate of Interest :9.63%		
(Previous Year: EMI ₹29,771/- due on every 10th of the month, Number of Installments-14, Rate of Interest :9.63%)		
<b>Total</b>	<b><u>0.53</u></b>	<b><u>581.79</u></b>

Particulars	( ₹ In lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>4. Other Long Term Liabilities</b>		
Trade Payables		
Other than Acceptances (Other than S.S.I.)	4,159.31	4,783.77
(Refer Note below)		
The company does not possess information about the micro, small and medium enterprises, as defined in the Micro, Small and Medium Enterprises Act, 2006 to whom the company owes and accordingly no additional disclosures have been made. Trade Payables are subject to confirmation.		
Others		
Advances from Customers	33.24	33.24
<b>Total</b>	<b><u>4,192.55</u></b>	<b><u>4,817.01</u></b>



Particulars	(₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>5. Long Term Provisions</b>		
Provision for employees benefits		
Gratuity (Unfunded)	73.34	60.80
<b>Total</b>	<b>73.34</b>	<b>60.80</b>

Particulars	(₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>4. Short Term Borrowings (Secured)</b>		
Loans repayable on demand		
from banks	28,736.89	29,796.50
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)		
	28,736.89	29,796.50
<b>5. Short Term Borrowings (Unsecured)</b>		
Loans repayable on demand		
from banks	982.93	146.93
	982.93	146.93
<b>Total</b>	<b>29,719.82</b>	<b>29,943.43</b>

The Company has defaulted in repayment of loans and interest in respect of the following:

Particulars	As at 31st March 2012		As at 31st March 2011	
	Period of default	(₹ in Lakhs)	Period of default	(₹ in Lakhs)
State Bank of India, Canara Bank, IndusInd Bank, Axis Bank, Standard Chartered Bank, Royal Bank of Scotland, Union Bank of India, IDBI Bank	Principal Amount Repayable on Demand	28,736.89	Principal Amount Repayable on Demand	-
In the Previous year amount of interest outstanding was ₹ 456.74 Lakhs and there was no default in repayment of Principal as well as interest amount)	Interest	4,502.08	Interest	-

Particulars	(₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>7. Trade Payables</b>		
Other than Acceptances (Other than S.S.I.)		
(Refer Note below)	214.30	1,133.81
The company does not possess information about the micro, small and medium enterprises, as defined in the Micro, Small and Medium Enterprises Act, 2006 to whom the company owes and accordingly no additional disclosures have been made. Trade Payables are subject to confirmation.		
<b>Total</b>	<b>214.30</b>	<b>1,133.81</b>





Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>8. Other Current Liabilities</b>		
Current maturities of long-term debt (Car Loan)	3.34	3.03
Interest accrued and due on borrowings	4,502.01	456.74
Application money received for allotment of securities and due for refund	0.13	0.13
<b>Other payables</b>		
Advance received from customers	69.03	
Unclaimed dividend	10.09	11.60
Statutory Liabilities	2.46	5.10
Due To Directors	401.02	301.97
Other Liabilities	250.00	
<b>Total</b>	<b>5,238.07</b>	<b>778.57</b>

Particulars	( ₹ in lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>9. Short Term Provisions</b>		
Provision for employee benefits		
Salary & Reimbursements	2.61	49.83
Contribution to PF / ESIC	0.62	4.80
Leave Encashment (unfunded)	5.69	4.04
Bonus Payable	4.64	7.62
Others (Specify nature)		
Tax Provision (Including Wealth Tax)	74.77	81.92
<b>Total</b>	<b>86.33</b>	<b>148.21</b>



10. Fixed Assets

	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at	Additions	Disposals	Balance as at	Balance as at	Depreciation charge for the year	On disposals	Balance as at	Balance as at	Balance as at
	01-04-11			31-03-12	01-04-11			31-03-12	31-03-12	31-03-11
<b>Tangible Assets</b>										
Land	339.04	-	-	339.04	-	-	-	-	339.04	339.04
Buildings	3,975.48	-	-	3,975.48	1,731.76	198.09	-	1,929.85	2,045.63	2,243.72
Plant and Machinery	1,229.44	-	106.91	1,122.53	771.09	60.97	64.06	767.99	354.54	458.36
Furniture and Fixtures	1,276.13	-	-	1,276.13	927.74	62.91	-	990.66	265.48	348.39
Vehicles	122.09	-	54.84	67.25	77.81	0.29	33.88	44.22	23.02	44.28
Office equipment	190.97	-	10.46	180.52	120.98	10.33	6.37	124.93	55.58	69.99
Weighing Machine	54.86	-	2.16	52.70	39.31	1.95	1.39	39.86	12.84	15.55
Air Conditioner	130.13	-	-	130.13	88.36	5.76	-	94.12	36.01	41.78
Computer	174.39	0.62	-	175.00	159.86	5.92	-	165.78	9.23	14.53
Electrical Installations	286.76	-	-	286.76	173.43	15.40	-	188.83	97.93	113.33
<b>Total</b>	<b>7,779.30</b>	<b>0.62</b>	<b>174.37</b>	<b>7,605.55</b>	<b>4,090.33</b>	<b>361.62</b>	<b>105.71</b>	<b>4,346.25</b>	<b>3,259.30</b>	<b>3,688.97</b>
<b>Previous Year</b>	<b>7,713.21</b>	<b>210.79</b>	<b>144.70</b>	<b>7,779.30</b>	<b>3,769.98</b>	<b>422.73</b>	<b>102.37</b>	<b>409.03</b>	<b>3,688.97</b>	<b>-</b>

(₹ In Lakhs)



Particulars	( ₹ In Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>11. Non-Current Investments (At Cost)</b>		
<b>Trade Investments (Unquoted)</b>		
4,90,000 (4,90,000) Equity Shares of Aarohi Diamonds Limited (Hongkong) (Company under the same management) of 1 HK\$ each fully paid up	28.54	28.54
	<b>28.54</b>	<b>28.54</b>
<b>Other Investments</b>		
<b>Mutual Funds (Unquoted)</b>		
NII (20,00,000) units of ₹10/- each of SBI Bluechip Mutual Fund. NAV ₹ NII (Previous Year ₹2,91,20,000/-)	-	200.00
20,00,000 (NII) units of ₹10/- each of SBI Debt Fund Series. NAV ₹2,11,84,200/- (Previous Year ₹ NII)	200.00	-
	<b>200.00</b>	<b>200.00</b>
<b>Total</b>	<b>228.54</b>	<b>228.54</b>

Particulars	( ₹ In Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>12. Deferred Tax Assets (Net)</b>		
<b>Deferred Tax Assets</b>		
Related to Fixed Assets	35.33	20.57
Provision for Gratuity	19.17	20.19
Provision for Bonus	0.53	1.51
Provision for Doubtful Debts	1.49	-
Provision for Leave Salary	1.48	1.28
Provision for Bank Interest	1,391.14	-
Others	0.29	-
Adjudication Expenses	-	1.16
	<b>1,449.43</b>	<b>44.71</b>
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	32.75	31.21
	<b>32.75</b>	<b>31.21</b>
<b>Total</b>	<b>1,416.68</b>	<b>13.50</b>

Particulars	( ₹ In lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>13. Long-Term Loans And Advances</b>		
<b>(Unsecured, Considered Good)</b>		
Security Deposits	54.37	58.28
Advance to Suppliers	6.79	6.79
<b>Total</b>	<b>61.16</b>	<b>65.07</b>



Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>14. Other Non-Current Assets</b>		
Long-Term Trade Receivables		
Unsecured, Considered Good	41,363.17	16,473.35
Unsecured, Considered Doubtful	4.84	4.84
Less: Provision for Doubtful Debts	4.84	4.84
<b>Total</b>	<b>41,363.17</b>	<b>16,473.35</b>

Long-Term Receivables include debts due from:

Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
Private Company in which director is a member		
Aarohi Diamonds Ltd. (HK)	493.82	7,241.89
Aarohi Diamonds LLC	-	693.83
<b>Total</b>	<b>493.82</b>	<b>7,938.06</b>

Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>15. Current Investments</b>		
Investments in Partnership Firm (Refer Details Below)	(57.11)	(242.91)
<b>Total</b>	<b>(57.11)</b>	<b>(242.91)</b>

Details relating to Investment in Partnership Firm

Name of the Firm- M/s Rup Diamonds

Name of the Partners	Total Capital		( ₹ in Lakhs)	
	Total Capital	Share of Profit	Total Capital	Share of Profit
Kumar C Bhansali	183.95	10%	114.87	10%
Nirav K Bhansali	815.83	10%	798.79	10%
Classic Diamonds (India) Limited	(57.11)	80%	(242.91)	80%
<b>Total</b>	<b>942.67</b>		<b>670.75</b>	

Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>16. Inventories</b>		
(As valued, verified and certified by the Management)		
Raw Materials and Components (Refer Significant Accounting Policies on valuation of Inventories)	1,341.77	6,407.98
Finished Goods (Refer Significant Accounting Policies on valuation of Inventories)	195.21	6,789.92
Stores and Spares (Valued at cost)	0.01	14.03
<b>Total</b>	<b>1,536.99</b>	<b>13,211.93</b>



Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>17. Trade Receivables</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	10,600.05	15,110.44
	<u>10,600.05</u>	<u>15,110.44</u>
Others		
Unsecured, considered good	2,201.93	11,291.90
	<u>2,201.93</u>	<u>11,291.90</u>
<b>Total</b>	<b><u>12,801.97</u></b>	<b><u>26,402.33</u></b>

Trade Receivable stated above include debts due from:

Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
Firm in which director is a partner		
M/a Rup Diamonds	402.53	2.34
<b>Total</b>	<b><u>402.53</u></b>	<b><u>2.34</u></b>

Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>18. Cash and Cash Equivalents</b>		
Cash on hand	66.54	80.02
Balances with Banks		
In Current Accounts	3.91	15.41
In Earmarked Accounts		
In Fixed Deposit Pledged with Bank	7.84	1,583.54
Margin Money	16.24	72.80
Unclaimed Dividend Bank Accounts	10.08	11.60
<b>Total</b>	<b><u>104.62</u></b>	<b><u>1,763.37</u></b>

Fixed Deposit pledged with Bank include deposits amounting to ₹ 5.05 Lakhs (As at 31 March, 2011 ₹ 1582.13 Lakhs) which have an original maturity of more than 12 months.

Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>19. Short-Term Loans and Advances</b>		
Unsecured, Considered Good		
Advances		
To Employees	1.56	2.24
Prepaid Expenses	10.45	21.12
Balances with Government Authorities		
VAT Credit Receivable	50.95	55.99
<b>Total</b>	<b><u>62.96</u></b>	<b><u>79.34</u></b>



Particulars	( ₹ In Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>20. Other Current Assets</b>		
<b>Accruals</b>		
Interest Accrued on Deposits	9.61	22.41
<b>Others</b>		
Other Advances	3.95	62.13
<b>Total</b>	<b>13.55</b>	<b>84.54</b>

Particulars	( ₹ In Lakhs)	
	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>21. Revenue from Operations</b>		
Sale of Products (Refer Note Below)	23,072.57	50,231.87
<b>Total</b>	<b>23,072.57</b>	<b>50,231.87</b>

**Notes**

- 1) Includes exchange gain / (loss) Net  
2) Sale of products comprises of

1,268.46 (815.97)

**Manufactured and Traded Goods**

a) Diamonds	15,827.66	35,571.13
b) Jewellery	7,244.92	14,660.73
<b>Total</b>	<b>23,072.57</b>	<b>50,231.87</b>

Particulars	( ₹ In Lakhs)	
	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>22. Other Income</b>		
Interest Income	28.35	100.84
Net Gain / (Loss) on Sale of Investments	90.67	-
Share of Profit / (Loss) in Partnership Firm	(8.84)	(7.43)
Rent Income	0.18	0.18
ERD on Others	(4.26)	0.03
ERD on Term Loan	(40.32)	8.74
Gain / (Loss) on Forward Contract / Options	42.38	87.10
Miscellaneous Income	1.05	7.54
<b>Total</b>	<b>109.21</b>	<b>197.01</b>

Particulars	( ₹ In Lakhs)	
	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>23. Cost Of Material Consumed</b>		
Opening Stock	6,407.98	7,524.03
Add : Purchases (Including Exchange Rate Difference)	5,761.95	15,103.64
	12,169.92	22,627.67
Less Sale of Rejection Diamonds (Including Exchange Rate Difference)	64.26	-
Closing Stock	1,341.77	6,407.98
<b>Total</b>	<b>10,763.90</b>	<b>16,219.69</b>



**RAW MATERIALS CONSUMED COMPRISES OF**

	For the Year Ended 31st March 2012	( ₹ In Lakhs) For the Year Ended 31st March 2011
<b>DIAMOND DIVISION</b>		
Rough Diamonds *	4,697.58	3,392.03
<b>JEWELLERY DIVISION</b>		
Gold	281.78	1,130.99
Polished Diamonds	6,054.41	10,623.40
Precious & Semi Precious Stones	1.14	39.97
Platinum	9.39	6.45
Alloy	2.58	16.05
Silver	0.01	10.44
Mountings	1,306.38	1,031.73
Rough Diamonds	-	0.07
Gold Findings	41.06	22.42
Silver Finding	0.44	2.92
	<b>12,394.79</b>	<b>16,276.50</b>
Less : Inter Division Transfer	1,630.89	56.80
<b>Total consumption</b>	<b>10,763.90</b>	<b>16,219.69</b>

\* Rough Diamonds consumption includes sale of Rejection Rough Diamonds.

Particulars	For the Year Ended 31st March 2012	( ₹ In Lakhs) For the Year Ended 31st March 2011
<b>24. Changes in Inventories of Finished Goods</b>		
Closing Stock	195.21	6,789.92
Opening Stock	6,789.92	23,159.33
<b>Total</b>	<b>(6,594.71)</b>	<b>(16,369.41)</b>

Particulars	For the Year Ended 31st March 2012	( ₹ In Lakhs) For the Year Ended 31st March 2011
<b>25. Employee Benefits Expense</b>		
Salaries, Wages and Bonus	397.98	970.16
Gratuity	16.84	20.54
Contribution to Provident and Other Funds	6.05	24.52
Workmen and Staff Welfare Expenses	2.09	9.77
<b>Total</b>	<b>422.96</b>	<b>1,024.98</b>

Particulars	For the Year Ended 31st March 2012	( ₹ In Lakhs) For the Year Ended 31st March 2011
<b>26. Finance Cost</b>		
Interest	5,722.67	3,095.63
<b>Total</b>	<b>5,722.67</b>	<b>3,095.63</b>

Particulars	For the Year Ended 31st March 2012	( ₹ In Lakhs) For the Year Ended 31st March 2011
<b>27. Depreciation</b>		
	361.62	422.73
<b>Total</b>	<b>361.62</b>	<b>422.73</b>



Particulars	( ₹ in Lakhs)	
	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>28. Other Expenses</b>		
Stores and Spares Consumed	15.57	64.65
Power and Fuel	34.09	94.05
Rent	43.96	67.86
Repairs and Maintenance - Building	1.51	7.45
Repairs and Maintenance - Plant & Machinery	0.52	7.16
Repairs and Maintenance - Others	2.37	21.61
Insurance Charges	30.87	62.06
Rates and Taxes	0.02	5.00
Postage, Telegram, Telex and Telephone Expenses	13.97	26.62
Travelling and Conveyance	20.67	38.98
Printing and Stationery	4.02	6.53
Freight and Forwarding	17.06	37.82
Commission and Brokerage	7.04	0.35
Sales Promotion Expenses	6.43	6.06
Legal and Professional Charges	21.52	63.24
Auditors Remuneration (Refer Note Below)	3.37	5.52
Loss on fixed assets sold	20.17	26.41
Labour Charges	0.38	113.80
Motor Car Expenses	2.27	4.29
Miscellaneous Expenses	93.58	208.92
<b>Total</b>	<b>339.43</b>	<b>868.39</b>

Payments to the auditors comprises (net of service tax input credit, where applicable):

As auditors - statutory audit	2.93	3.30
For taxation matters	0.34	0.55
For Other Services	0.10	1.65
<b>Total</b>	<b>3.37</b>	<b>5.50</b>

Particulars	( ₹ in Lakhs)	
	As at 31st March 2012	As at 31st March 2011
<b>29. Contingent liabilities and commitments (to the extent not provided for)</b>		
Property Tax	4.30	4.96
Guarantees given to bank and others:		
		( ₹ in Lakhs)
<b>Name of the Bank</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
ICICI Bank	2,547.25	2,232.00
Bank of India	-	270.00
Punjab National Bank	-	130.00
<b>Total</b>	<b>2,547.25</b>	<b>2,632.00</b>

Secured by counter guarantee of directors, lien on FDR ₹ 7.84 Lakhs. (Previous Year ₹1,583.54 Lakhs)





30. The Company's factory at unit no-138/139, SDF-V SEEPZ Andheri (E) Mumbai-400096 has been facing labour problem due to various reasons. The Company had approached the Industrial court and filed a complaint against the Trade Union as also against the workmen. The Company had issued notice of lock-out dated 21st November 2011. The Industrial court has vide its order dated 25th November 2011 upheld the said notice of lock-out. The Company has suspended its operations from the said locations from 21st November 2011 as per the Notice of Lockout. As a result, the books of accounts and other records of above-mentioned units could not be made available for audit. In the circumstances, the Company had to make certain provisions for expenses on estimated basis based on management's past experience.
31. The Company's Factory at Surat has been shut down completely i.e. November 2011.
32. The consortium of bankers which had granted various working capital and export facilities have withdrawn these facilities and have called upon the Company to repay their outstanding. Further the Company has informed that the Company is in the process of negotiation with the banks. The banks are covered by way of mortgage of various properties / assets of the Company.
33. The company has changed the method of Accounting relating to foreign exchange transactions. The yearend assets and liabilities have not been converted at closing rate which is in violation of the method as prescribed by Accounting Standard 11 on Accounting for Foreign Exchange Transaction specified in the Companies (Accounting Standards) Rules, 2006.
34. In the opinion of Board of Directors all assets other than fixed assets and noncurrent investments, have a realizable value in the ordinary course of business which is not different from the amount at which it is stated and the provisions for all known liabilities are adequate and not in excess of the amounts reasonably necessary.
35. Prior period expenses of ₹ 0.14 Lakhs and income of ₹ 0.13 Lakhs (Previous year Prior period Expense of ₹ 1.75 Lakhs and income of ₹ 0.40 Lakhs) are debited / credited to Miscellaneous Expenses / Miscellaneous Income.
36. The company has made provision amounting to ₹ 73.34 Lakhs for gratuity and ₹ 6.08 Lakhs towards leave encashment payable to its employees as at 31st March 2012. However they said sum is not actuarially valued as required by AS-15.
37. Details of foreign currency exposures that are hedged by option/forward instruments or otherwise:

Particulars	Foreign Currency	(₹ In Lakhs) Equivalent Indian Currency ₹
Forward Contracts	NIL (USD 2,800,000)	NIL (1,249.36)

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

Particulars	Currency	(₹ In Lakhs) Equivalent Indian Currency ₹
Debtors (Net)	USD (\$)	53,899.86
Other Assets	USD (\$)	(42,757.16) NIL
Creditors (Net)	USD (\$)	(0.99) 4041.47
Banks	USD (\$)	(4,464.98) NIL
		(2,181.17)

Previous year's Figures are shown in bracket



38. 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.
39. 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.
40. The balance due to / from the parties are subject to confirmation.
41. Disclosure regarding investment in Associates as required under Clause 32 of Listing Agreement has been given in Note No 11.
42. A. List of Related Parties ( As identified by 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. Chandrakant M. Bhansali.

Nature of Transaction	Associates		Key Management Personnel & Relative	
	For the Year Ended	For the Year Ended	For the Year Ended	For the Year Ended
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Sales	8,165.17	15,482.65	-	-
Purchases	4,888.38	1,606.40	-	-
Rent Paid	0.99	1.35	-	-
Rent Received	0.18	0.18	-	-
Managerial Remuneration	-	-	14.66	61.44
Share of Profit/(Loss) in Partnership Firm (Net of Tax)	(8.84)	(7.43)	-	-
<b>Outstanding Balance</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31st March 2012</b>	<b>31st March 2011</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Due to the Company	5,528.41	7,935.72	-	-
Payable by Company	1,630.63	-	399.35	299.53
Investment in Associates /Partnership Firm	(57.11)	(214.37)	-	-



43. Segmental Information

(₹ in Lakhs)

Sr. No	Particulars	Diamonds		Jewellery		Eliminations		Total	
		31st March 2012	31st March 2011	31st March 2012	31st March 2011	31st March 2012	31st March 2011	31st March 2012	31st March 2011
<b>A.</b>	<b>Revenues</b>								
	External sales (Including exchange rate difference)	15,827.66	35,571.13	7,244.92	14,660.73			23,072.57	50,231.87
	Inter segment sales	5,661.87	17,685.43	-	-	(5,661.87)	(17,685.43)	-	-
	<b>Total revenues</b>	<b>21,489.52</b>	<b>53,256.56</b>	<b>7,244.92</b>	<b>14,660.73</b>	<b>(5,661.87)</b>	<b>(17,685.43)</b>	<b>23,072.57</b>	<b>50,231.87</b>
<b>B.</b>	<b>Results</b>								
	Segmental results	1,556.83	3,131.67	(883.17)	643.99	-	-	673.66	3,775.66
	<b>Add / Less</b>								
	Interest Paid	-	-	-	-	-	-	(5,722.67)	3,095.63
	Interest Received	-	-	-	-	-	-	28.35	93.18
	Profit on Sale of Assets	-	-	-	-	-	-	0.32	2.85
	Loss on Sale of Assets	-	-	-	-	-	-	(20.49)	28.27
	Profit on Sale of Mutual Fund	-	-	-	-	-	-	90.67	-
	Unallocated Incomes	-	-	-	-	-	-	507.74	0.42
	<b>Operating profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,442.41)</b>	<b>747.21</b>
	Income tax including deferred tax & earlier year tax adjustment	-	-	-	-	-	-	(1,403.18)	147.08
	<b>Profit after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,039.23)</b>	<b>600.13</b>
<b>C.</b>	<b>Other Information's</b>								
	Segment assets	70,186.94	68,148.18	16,726.01	16,175.92	-	-	86,912.95	84,324.10
	Unallocated assets	-	-	-	-	-	-	1,639.08	31.83
	<b>Total assets</b>	<b>70,186.94</b>	<b>68,148.18</b>	<b>16,726.01</b>	<b>16,175.92</b>	<b>-</b>	<b>-</b>	<b>88,552.04</b>	<b>84,355.93</b>
<b>D.</b>	<b>Segment liabilities</b>								
	Segment liabilities	15,597.69	9,496.25	22,318.24	19,728.42	-	-	37,915.93	29,224.66
	Unallocated liabilities	-	-	-	-	-	-	29,238.96	30,694.89
	<b>Total liabilities</b>	<b>15,597.69</b>	<b>9,496.25</b>	<b>22,318.24</b>	<b>19,728.42</b>	<b>-</b>	<b>-</b>	<b>67,154.89</b>	<b>59,919.55</b>
<b>E.</b>	Capital employed	54,589.26	58,651.93	(3,592.23)	(3,552.49)	-	-	21,397.15	24,436.38
<b>F.</b>	Capital expenditures	-	186.83	0.62	12.43	-	-	0.62	209.37
<b>G.</b>	Depreciation	313.59	363.47	48.03	59.26	-	-	361.62	422.73
<b>H.</b>	Non Cash expenditure other than depreciation / amortization	-	-	-	-	-	-	-	-



**Notes**

1. The Company is predominantly engaged in the business of export of Diamonds and Gold studded Jewellery. These in the context of Accounting Standard 17 on Segment Reporting, as specified in The Companies (Accounting Standards) Rules, 2006, are considered to constitute one single primary segment. Further, there is no reportable secondary segment i.e. geographical segment.
2. The business segments have been identified considering:
  - i) The nature of the products
  - ii) The related risks and returns
  - iii) The internal financial reporting system
3. Inter segment transfers are made at the cost.
4. 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.
5. Segmental assets and liabilities does not include inter segment assets and liabilities.

Particulars		For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>44. Earnings Per Share (EPS):</b>			
Net Profit / (Loss) available for equity shareholders (₹ in lakhs)		(3,039.23)	600.13
Weighted Average No. of Equity Shares (in Lakhs)			
Basic	Number	392	392
Nominal Value of Equity Shares (Rs.)	₹	2	2
Earnings per share			
Basic	- ₹	(7.75)	1.53

**45. Information regarding Exports / Imports and other matters**

Earning in foreign exchange	(₹ in Lakhs)	
	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
FOB Value of Exports	20,457.57	47,462.62
Value of Import on CIF basis	(₹ in Lakhs)	
	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
Raw Materials	1,056.45	9,859.23
Traded goods	1,327.02	1,611.09
Stores & spares	-	16.48



**Breakup of the value of raw materials consumed (including inter unit transfer) :**

	For the Year Ended 31st March 2012		For the Year Ended 31st March 2011	
	( ₹ in Lakhs)	%	( ₹ in Lakhs)	%
Imported	1,188.89	95.92	14,835.38	91.47
Indigenous	505.81	4.08	1,384.31	8.53
	<b>10,763.90</b>	<b>100.00</b>	<b>16,219.69</b>	<b>100.00</b>

**Breakup of the value of stores and spare part consumed :**

	For the Year Ended 31st March 2012		For the Year Ended 31st March 2011	
	( ₹ in Lakhs)	%	( ₹ in Lakhs)	%
Imported	0.94	6.02	17.74	27.44
Indigenous	14.64	93.98	46.91	72.56
	<b>15.57</b>	<b>100.00</b>	<b>64.65</b>	<b>100.00</b>

( ₹ in Lakhs)

**46. Expenditure in foreign currency**

	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
Travelling expenses	17.69	27.70

**47. Previous year's Figures**

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to corresponded with the current year's classification / disclosure.



**CLASSIC DIAMONDS (INDIA) LIMITED**

Registered Office: 701, Majestic Shopping centre, 144, J. S. S. Road, Girgaum, 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. \_\_\_\_\_ Clnt 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 or 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: 701, Majestic Shopping centre, 144, J. S. S. Road,  
Girgaum, Mumbai 400 004.

### ATTENDENCE CARD

To be handed over at the entrance of the Meeting Hall

<b>Name of the attending Member (In Block Letters)</b>	<b>Membership Folio Number or DP-ID &amp; Client ID</b>	I/We hereby record my/our presence at the Annual General Meeting of the Company held on Friday, 28 <sup>th</sup> September, 2012 at 6.00 P.M. at S.K.Somani Hall, Marine Drive, 79, Marine Drive, F Road, Patan Jain Road, Marine, Mumbai 400020
<b>Name of the Proxy (IN BLOCK LETTERS)</b> (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 handing over this slip)

## CLASSIC DIAMONDS (INDIA) LIMITED

Registered Office: 701, Majestic Shopping centre, 144, J. S. S. Road,  
Girgaum, 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 \_\_\_\_\_, 2012 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2012

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

<b>1 Rupee Revenue Stamp</b>
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**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.



## BOOK-POST

If undelivered, please return to :

**LINK INTIME**  
INDIA PVT LTD



**Unit : CLASSIC DIAMONDS (INDIA) LTD.**  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W), Mumbai - 400 078.