

23rd ANNUAL REPORT  
2009-2010

BOARD OF DIRECTORS :

Mr. Kumar C. Bhansali  
Chairman & Managing Director

Mr. Chandrakant M. Bhansali  
(Resigned w.e.f 22nd June, 2010)  
Director

Mr. Nirav K. Bhansali  
Whole- time Director

Mr. Mayank R. Mehta  
Whole- time Director

Mr. Hiren H. Shah  
(Resigned w.e.f 22nd June, 2010)  
Whole-time Director

Mr. Yogesh K. Kaji  
Director

Mr. Sumit B. Shah  
Director

Mr. Zubin N. Batliwalla  
Director

AUDITORS :

M/s. A. N. Damania & Co.  
Chartered Accountants

BANKERS :

State Bank of India

Canara Bank

State Bank of Indore

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 Third Annual General Meeting of the members of CLASSIC DIAMONDS (INDIA) LIMITED will be held at Jamnalal Bajaj Seva Trust's Kamalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021 on Wednesday, 22<sup>nd</sup> September, 2010 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, 2010 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Mayank R. Mehta, who retires by rotation and has offered himself for being re-appointed.
4. To appoint a Director in place of Mr. Sumit B. Shah, who retires by rotation and has offered himself for being re-appointed.
5. To re-appoint M/s A. N. Damania & Co. as the statutory auditors of Company for the Year 2010- 2011, 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 Wednesday 15<sup>th</sup> September, 2010 to Wednesday 22<sup>nd</sup> September, 2010 (Both days inclusive)
4. Dividend on Equity shares as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2010, when declared, will be paid to those members, whose names appear on the Company's Register of Members as on 15<sup>th</sup> September, 2010. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
5. 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.
6. 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.
7. Equity Shares of the Company are listed on the Stock Exchange, Mumbai (BSE) and on National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fee to the said Exchanges.
8. A brief resume of the directors proposed to be appointed vide item nos. in the Notice are as follows:

Mr. Mayank R. Mehta is associated with the company since its incorporation. He possesses good knowledge of rough and polished diamonds. He manages the Company's Surat Factory.

Mr. Sumit B. Shah has been a Director of the Company since December, 2005 and has prudent business sense especially in the Diamond Industry by virtue of his long association with the industry.

9. 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.
10. 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.
11. Pursuant to Section 205C, the dividend for the year ended 31<sup>st</sup> March, 2003(2002-2003) 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.
12. 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, 2004 (2003-2004) onwards, are requested to make their claims to the Company accordingly, without any delay.
13. 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.
14. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is as follows:

**Item No. 3**

The term of Mr. Mayank R. Mehta, Director of the Company, expires at this A.G.M. Being eligible for re-appointment Mr. Mayank R. Mehta has offered himself to be re- appointed. None of the Directors except Mr. Mayank R. Mehta is deemed to be concerned and interested in the resolution.

**Item No. 4**

The term of Mr. Sumit B. Shah, Director of the Company, expires at this A.G.M. Being eligible for re-appointment Mr. Sumit B. Shah has offered himself to be re- appointed. None of the Directors except Mr. Sumit B. Shah is deemed to be concerned and interested in the resolution.

**Item No. 5**

It is proposed to re-appoint M/s A. N. Damania & Co. as our Statutory Auditors for the Year 2010-2011. Your Directors recommend the aforementioned appointment. None of the Directors are interested in the proposal.

**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, 2010

**DIRECTOR'S REPORT**

To  
The Members,

Your Directors have great pleasure in presenting their Twenty third Annual Report with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2010.

**1. FINANCIAL RESULTS:**

(Rupees in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31-Mar-10	FOR THE YEAR ENDED 31-Mar-09
<b>1. FINANCIAL RESULTS</b>		
Sales (Incl. Exch. Difference)	65,171.67	67,722.26
Other Income	408.56	(531.25)
<b>Profit before Interest &amp; Depreciation (A)</b>	<b>5,360.17</b>	<b>4,006.64</b>
Less : 1) Interest	3,047.79	2,969.73
2) Depreciation	527.69	574.41
<b>Total of Interest and Depreciation (B)</b>	<b>3,575.48</b>	<b>3,544.14</b>
<b>Misc items (C)</b>	<b>(15.65)</b>	<b>--</b>
Profit before taxation (A-B-C)	<b>1,769.04</b>	<b>462.50</b>
Provision for & Deferred Taxation	27.29	105.42
<b>Profit after taxation</b>	<b>1,741.75</b>	<b>357.08</b>
Bal in P & L Account brought/forward	17,145.08	16,788.00
	<b>18,886.83</b>	<b>17,145.08</b>
<b>2. APPROPRIATIONS</b>		
Proposed Dividend (incl Tax)	45.88	--
Transfer to General Reserve	150.00	--
Balance carried forward	18,690.95	17,145.03
	<b>18,886.83</b>	<b>17,145.08</b>

**2. DIVIDEND :**

The year 2009-10 has shown glimpses of recovery from the past two years where your company had to fulfill contracts at very squeezed margins. This year inspite of a slight downfall in revenues by about 3.77 % your company could achieve better margins than the previous year. Proactively, in order to maintain the balance between the twin objectives of appropriately rewarding shareholders with cash dividends and of retaining capital to maintain healthy capital adequacy ratio so as to support future growth, your Directors recommend a dividend of 5 %.

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

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

**4. BUSINESS PROSPECTS:**

The year could not see a good revival of business from the US sector, with its Unemployment rates still worsening every quarter especially during the last quarter of calendar 2009 where it had crossed the double digit mark. Further to add fuel to the fire the Bullion prices have sky rocketed to over USD 1220 in Dec 09 as against USD 900 levels as of the beginning of the year. Hence, affecting the demand of Jewellery from this sector. This has led your company to pierce through other lucrative markets such as the Europe, Middle East and Far East.

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 within the next year.

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 successful in materializing its Debtors at a faster pace and also 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.38 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 (Mr.Hiren H. Shah & Mr. Chandrakant M. Bhansali resigned w.e.f 22<sup>nd</sup> June, 2010) Directors of which 3 are Independent Directors. Mr. Mayank R. Mehta and Mr. Sumit B. Shah are liable to retire by rotation and being eligible have offered themselves for re- appointment.

**7. AUDITORS:**

M/s A.N. Damania & 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 28,819.03 Lacs  
\* Total Foreign Exchange earned : Rs 66,160.96 Lacs  
\* Foreign Exchange earned includes bills to be realized.

**12. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm:

- i. 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;
- 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;
- iii. 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;
- iv. 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.

**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 shareholders. Company's philosophy is concerned with ethics, values, morals and social responsibility of the Company. 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 and perceived to be such by others.

**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 8 Directors as on 31<sup>st</sup> March, 2010.

**b) Board Meetings:**

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

The Board Meetings were held on 3<sup>rd</sup> April, 2009; 22<sup>nd</sup> April, 2009; 15<sup>th</sup> May, 2009; 29<sup>th</sup> May, 2009; 25<sup>th</sup> June, 2009; 26<sup>th</sup> June, 2009; 31<sup>st</sup> July, 2009; 17<sup>th</sup> August, 2009; 9<sup>th</sup> October, 2009; 28<sup>th</sup> October, 2009; 30<sup>th</sup> November, 2009; 8<sup>th</sup> January, 2010; 30<sup>th</sup> January, 2010; 22<sup>nd</sup> March, 2010. The maximum gap between two Board Meetings did not exceed the limits prescribed in clause 49 of the Listing Agreement. The Extra Ordinary General Meeting was held at Jamnalal Bajaj Hall on Monday, 15<sup>th</sup> June, 2009 at 11.30 a.m. Details of the attendance at Board Meetings, Extra Ordinary General Meeting held on 15<sup>th</sup> June, 2009 and Annual General Meeting on 14<sup>th</sup> September, 2009 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 2009-10	Attendance at the A.G.M	Attendance at the E.G.M	No. of other Directorst \$
Mr. Kumar C. Bhansali	Chairman & Managing Director Executive	14	YES	NO	1
Mr. Chandrakant M. Bhansali	Director Non-Executive Independent	4	NO	NO	NIL
Mr. Nirav K. Bhansali	Whole-time Director Executive	5	YES	YES	1
Mr Mayank Mehta NT	Whole-time Director Executive	14	YES	YES	NIL
Mr Yogesh K. Kaji	Director Non- Executive Independent	9	YES	YES	NIL
Mr Sumit B. Shah	Director Non- Executive Independent	14	YES	NO	NIL
Mr Zubin N. Batliwalla	Director Non- Executive Independent	14	YES	YES	NIL
Mr Hiren H Shah	Whole- time Director Executive	14	YES	YES	NIL

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

**C) Share holding of Non-Executive Directors AD ON 31<sup>ST</sup> March 2010:**

Sr. No.	Name of Directors	Shareholdings in the Company
1.	Chandrakant M. Bhansali	26,81,405
2.	Zubin N. Batliwalla	NIL
3.	Yogesh K. Kaji	87,920
4.	Sumit B. Shah	NIL
<b>TOTAL:</b>		<b>27,69,325</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 25<sup>th</sup> June, 2009; 30<sup>st</sup> July, 2009; 27<sup>th</sup> October, 2009 & 29<sup>th</sup> January, 2010 and was chaired by Mr. Zubin Batliwalla. 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.	Zubin N. Batliwalla	Chairman	Independent Non-Executive	4
2.	Chandrakant M. Bhansali	Member	Independent Non-Executive.	3
3.	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 26<sup>th</sup> March, 2010. The composition of the committee is as follows:

Sr. No	Names of Members	Designation	Category of Director
1.	Mr. Yogesh K. Kaji	Chairman	Chairman Non-Executive
2.	Mr. Chandrakant M. Bhansali	Member	Independent Non-Executive.
3.	Mr. Sumit B. Shah	Member	Independent Non-Executive

The Non- Executive Directors are paid 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 2009-2010.

Details of Remuneration paid to the directors for the year ended 31<sup>st</sup> March, 2010 are as follows:

Director	Relationship with other Directors	Business Relationship	Sitting Fees	Salary/ Perquisites	Contribution To P.F.	Total
Chandrakant M. Bhansali	Father of Kumar Bhansali	Promoter	20,000	-	-	20,000
Kumar.C.Bhansali	Son of Chandrakant Bhansali	Promoter's Family	-	18,51,724	9,360	18,61,084
Nirav K. Bhansali	Son of Kumar Bhansali	Promoter's Family	-	18,58,224	-	18,58,224
Zubin Battiwalla	None	None	32,500	-	-	32,500
Mayank R.Mehta	None	None	-	9,13,700	9,360	9,23,060
Yogesh Kaji	None	None	32,500	-	-	32,500
Hiren H. Shah	None	None	-	3,62,900	9,360	3,72,260
Sumit B. Shah	None	None	25,000	-	-	25,000

**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 17<sup>th</sup> April, 2009; 28<sup>th</sup> July, 2009; 29<sup>th</sup> October, 2009; and 19<sup>th</sup> January, 2010. 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 2009-2010
1.	Kumar C. Bhansali	Chairman	Non-Independent Executive.	4
2.	Chandrakant M. Bhansali	Member	Independent Non-Executive	1
3.	Nirav K. Bhansali	Member	Non-Independent Executive	4

**Details in respect of Compliance Officer:**

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

Details of Investors Complaints and Requests during the Year 2009 – 2010 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	-	9	9	NIL
3.	Non-Receipt of Rep/Spl/Con/Dup Certificate	-	9	9	NIL
4.	Non-Receipt of Demat Credit/Remat Certificate	-	-	-	NIL
5.	Non-Receipt of Bonus Certificate	-	-	-	NIL
6.	Change of Address	-	15	15	NIL
7.	Bank Details	-	1	1	NIL
8.	Stop Transfer	-	4	4	NIL
9.	Issue of Duplicate Certificate	-	14	14	NIL
10.	Confirmation of Details	-	-	-	NIL
11.	Transfer/Transmission/Deletion	-	1	1	NIL
12.	Issue of Duplicate Dividend Warrant	-	4	4	NIL
13.	Certificate not existing in Master Data	-	1	1	NIL
14.	Dematerialization	-	1	1	NIL
15.	Revalidation & Replacement of Dividend Warrants	-	10	10	NIL
16.	ECS Details	-	1	1	NIL
17.	Bank Mandate	-	-	-	NIL
18.	POA Registration	-	-	-	NIL
19.	Registration of Signature	-	-	-	NIL
20.	Exchange of Certificate	-	3	3	NIL
21.	Stock split of Equity Shares	-	-	-	NIL
22.	Others	-	2	2	NIL
	<b>TOTAL</b>	-	<b>79</b>	<b>79</b>	<b>NIL</b>

Details of Shares in Physical form lodged for transfer during 2009-2010 are as follows:

Sr.No	Total No. of Transfer Deed Received	Despatched within 30 days of receipt.	Despatched after 30 days of receipt
1.	15	15	-

**Share Transfer:**

All Shares have been processed and returned within 30 days from the date of receipt, so long as the documents have been clear in all respects.

**4) GENERAL BODY MEETINGS:**

- a) Annual General Meeting
- b) Extra Ordinary General Meeting

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

AGM	DATE	TIME	VENUE	SPECIAL RESOLUTIONS
20 <sup>th</sup> AGM	17 <sup>th</sup> September, 2007	11.00 a.m	Babasaheb Dahanukar Hall, Fort, Mumbai	NIL
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,	NIL

b) The Extra Ordinary General Meeting of Classic Diamonds (India) Limited was held at Jamnalal Bajaj Hall on Monday 15<sup>th</sup> June, 2009 at 11.30a.m.

**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.

**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, 2009; 30<sup>th</sup> September, 2009 and 31<sup>st</sup> December, 2009 were published in the Business Standard (English daily newspaper) and Mumbai Lakshadweep Mahanagar (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>	22 <sup>nd</sup> September, 2010 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
<b>Financial Calendar</b>	The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.
<b>Book Closure Date</b>	Wednesday 15 <sup>th</sup> September, 2010 to Wednesday 22 <sup>nd</sup> September, 2010 (Both days inclusive)
<b>Dividend Payment</b>	Within 30 days from AGM date
<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: Mr. Rahul Talla/Ms Sujata
	The power of approving transfer of securities has been delegated to the Company's Registrar and Share Transfer Agent, M/s Link Intime India Private Limited, Mumbai. The Share Transfers, which are received in physical form, are processed and the share certificates normally returned within 30 days from

	the receipt, if the documents are clear in all respects.
<b>Plant Locations</b>	1. G- 28, G& J ComplexIII, 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 Correspondence</b>	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>
<b>Scrip Code</b>	523200
<b>ISIN Number for NSDL and CDSL.</b>	INE987C01024

**(b) Market Price Data: High/Low during each month of 2009-2010 on Stock Exchange, Mumbai:**

Market Price Data	Share prices of the Company for the period 2009-2010			
	The Stock Exchange, Mumbai		The National Stock Exchange of India.	
Month	High(Rs)	Low(Rs)	High(Rs)	Low(Rs)
April, 2009	15.50	8.05	14.60	7.80
May, 2009	19.65	11.50	19.25	11.35
June, 2009	21.00	14.70	21.10	14.80
July, 2009	17.55	12.40	17.35	12.30
August, 2009	20.80	15.65	20.75	15.60
September, 2009	30.40	17.45	29.75	17.15
October, 2009	26.15	19.55	26.00	19.20
November, 2009	24.40	19.40	23.75	18.95
December, 2009	24.25	21.00	24.25	21.10
January, 2010	25.40	19.80	25.40	19.60
February, 2010	23.50	19.90	23.65	19.50
March, 2010	23.00	19.50	23.00	19.40

**(c) Categories of Shareholding as on 31<sup>st</sup> March, 2010:**

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	4.062
Private Corporate Bodies	19,02,041	38,04,082	4.8497
Indian Public	95,33,508	1,90,67,016	24.3078
NRI's	2,25,576	4,51,152	0.5752
Clearing Members	5,18,891	10,37,782	1.3230
<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, 2010:**

Shareholding of nominal values	Shareholders		Amount	
	Rupees	Number	% of total	Rupees
1 - 5000	12,765	94.7099	1,20,34,620	15.3425
5001 - 10000	419	3.1088	31,78,722	4.0524
10001 - 20000	156	1.1574	22,58,948	2.8798
20001 - 30000	43	0.3190	10,74,472	1.3698
30001 - 40000	15	0.1113	5,30,308	0.6761
40001 - 50000	16	0.1187	7,17,248	0.9144
50001 - 100000	23	0.1706	16,01,046	2.0411
100001 - Above	41	0.3042	5,70,44,636	72.7239
<b>Total</b>	<b>13,478</b>	<b>100.0000</b>	<b>7,84,40,000</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 System Ltd (CDSL). **94.76%** 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, 2010, 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 A.N.Damania & Co.  
Chartered Accountants

ASHVIN DAMANIA  
Proprietor

Membership No.: 40166  
Firm Reg. No. 102077W

Place: Mumbai  
Date: 11<sup>th</sup> August, 2010

**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 studding such as the Diamonds that its diamond manufacturing division produces and the precious and semi precious stones.

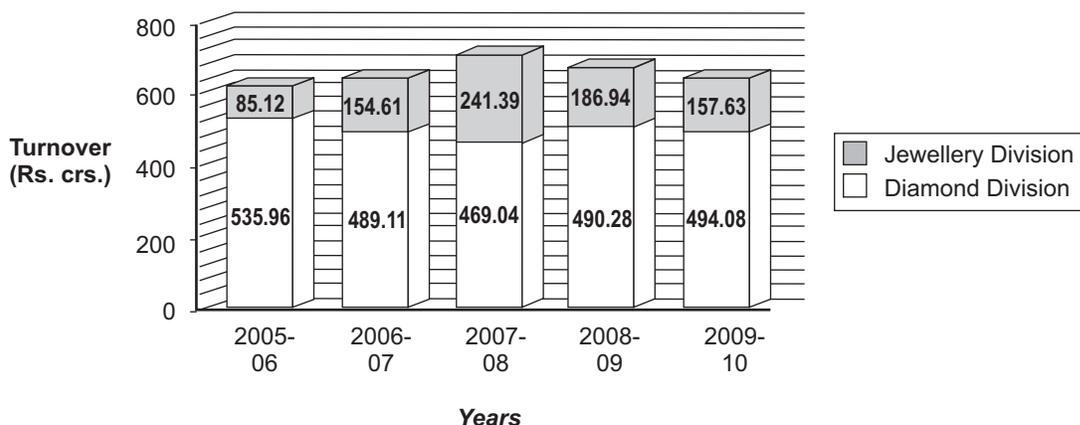
The company during the year saw a slight fall in revenues by 3.77 % mainly due to the US sector which could not pick up. The prices of Gold also have risen substantially from the 900 levels to over 1100 \$ per Tr. Oz. since 2009. However, the response that our products in other geographical markets have received could help us in sustaining the levels of revenues. The sales of Cut and Polished Diamonds could maintain its level as their demand still continues for the core product we manufacture.

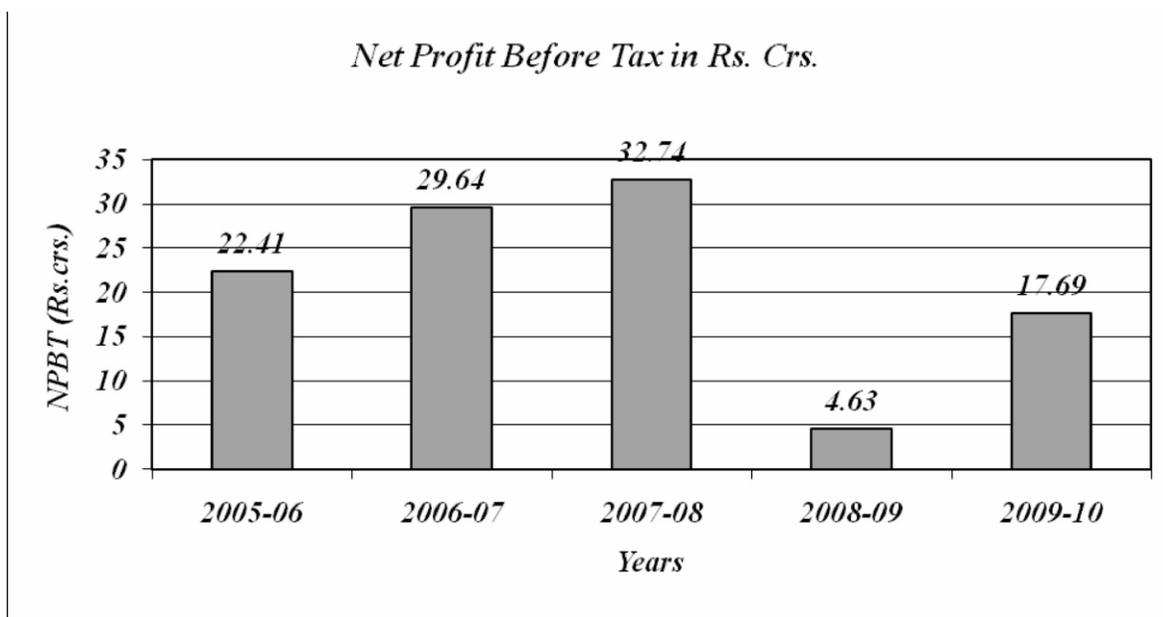
The Diamonds that are manufactured are the round shaped diamonds ranging in sizes from -2 sieve size to as good as +11 size (ie.. from half a cent to fifteen cents a stone). Since the previous year we have been able to successfully manufacture the large sized stone which calls for greater skill level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

It was in this year that after the Rupee crossing the Rs.50 mark that we had shifted most of our Dollar finance to the Rupee so as to overcome the impact of fluctuation in the volatile Dollar – Rupee Exchange rate. This could help us in reducing the cost of interest outflow marginally.

During the year your company could negotiate better with its Suppliers in order to avail better credit period leading to the rise in the creditors to the extent of Rs.21.16 Crores. At the same time, the management has been able to realize amounts from the customers faster leading to a reduction in Debtors by Rs. 20.18 Crores. All this makes a great impact in the working capital position of your company. The external credit rating agencies CRISIL also have improved their rating on your company.

**PAST HISTORICAL PERFORMANCE:**





## INDUSTRY OUTLOOK

**India's gold jewellery exports surge by 9.38%.** The true resilience of the Indian industry was seen over the last year when the industry braved and continued with their consistent plans of building trading relations and penetrating newer markets. As a result, today India is undeniably USA's largest supplier of jewellery, with the US importing 25% of its jewellery from India. India's diamond share in the world market also witnessed an increase in this period in value terms, increasing from 60% to 70%.

"Time has come to establish India as a 'BRAND' to reckon with in the gem and jewellery sector. Indian gem and jewellery industry today enjoys a leadership position globally in manufacturing of diamonds, which is attributed to the in house expertise of manufacturing and cutting edge craftsmanship.

One of India's leading foreign exchange earning sectors over the year has witnessed a considerable growth in the volume of exports which were pegged at US\$ 28 billion. From export figures of US\$24495.58 million in the FY 2008-09, the exports have shown considerable increase and have registered at US\$ 28,414.64 in FY 2009-10, thus indicating an increase of 16% in the total gem and jewellery exports. The performance of this industry is critical as it contributes 13% to India's total merchandise exports.

The growth in the sector was primarily driven by cut and polished diamonds which registered an increase of 20.11% in FY '10. The exports grew from US\$ 14,605.27 million in 2008-09 to US\$ 17,542.29 million in 2009-10. Cut and polished diamonds accounted for 61.74% of the total exports baskets with gold jewellery comprising of 31.17% while color gemstones and other accounted for 5.09%.

Gold jewellery exports have also been on a rise with the figures accounting for a 9.38% increase in FY 2009-10, with exports increasing from US\$ 8,616.43 million in 2008-09 to US\$ 9,424.33 million in 2009-10 owing to the increase in prices of Gold. Colored gemstone exports also increased by 10.55% in dollar terms with sector witnessing a rise from US\$ 259.29 million in 2008-09 to US\$ 286.65 million in 2009-10.

(Source: GJEPC published on 19.04.2010)

In future Palladium is expected to establish itself as an alternative metal for jewellery fabrication, while gold and diamond jewellery will continue to dominate the market together, accounting for about 82%. 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. 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 has achieved a turnover of Rs. 65,171.67 Lacs and earned a net profit of Rs. 1741.42 Lacs as compared to turnover of Rs. 67,722.26 Lacs and earned a net profit of Rs. 357.08 Lacs in preceding financial year, representing a meager 3.77% decline in revenue and a sizeable 487 % growth in net profit. Earnings before interest, tax and depreciation (EBITDA) is Rs. 5360.17 Lacs as compared to Rs. 4006.64 Lacs in preceding financial year, representing 33.78 % growth Profit before tax was Rs. 1769.04 Lacs as compared to Rs. 462.50 Lacs registering a growth of over 3.82 times.

During the year under review your company could realize better margins unlike the previous year mainly on account of the change in strategy of customer selection, and materializing old and non moving stock and making the best of the recovering market conditions.

## OUTLOOK

The overall economic slowdown 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.

## 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, the levy of duty by the US GSP authorities alongwith increase in prices of Diamonds has made jewellery from India costlier adding to the market situation of US recession. 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 the 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, 2010, 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 2010. (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, 2010 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, 2010 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, 2010;
    - 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 A. N. Damania & Co.  
Chartered Accountants

Place: Mumbai  
Date: 11<sup>th</sup> August, 2010

Ashvin Damania  
Proprietor  
Membership No: 40166  
Firm Reg. No.: 102077W

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF CLASSIC DIAMONDS (INDIA) LIMITED FOR  
THE YEAR ENDED 31ST MARCH, 2010**  
(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(1)(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, 2010.
  - (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 2010.
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 A. N. Damania & Co.  
Chartered Accountants

Place: Mumbai  
Date: 11<sup>th</sup> August, 2010

Ashvin Damania  
Proprietor  
Membership No: 40166  
Firm Reg. No.: 102077W

**ANNUAL REPORT  
2009-2010**

**CLASSIC DIAMONDS (INDIA) LIMITED  
BALANCE SHEET AS AT 31ST MARCH, 2010**

	Sche dules	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		76,940,000
b) Reserves and Surplus	II	2,305,185,269	2,383,625,269	2,127,348,745
2 <b>Loan Funds</b>				2,204,288,745
Secured Loans	III		3,226,470,400	3,608,546,421
3 <b>Deferred Tax Liability (Net)</b>			-	2,172,243
			<b>5,610,095,669</b>	<b>5,815,007,408</b>
<b>II APPLICATION OF FUNDS</b>				
1 <b>Fixed Assets</b>	IV			
a) Gross Block		771,321,402		767,231,064
b) Less : Depreciation		376,998,034		325,909,820
c) Capital work in Progress			394,323,368	441,321,244
			31,636,373	30,798,428
			425,959,741	472,119,672
2 <b>Investments</b>	V		22,399,627	6,432,665
3 <b>Deferred Tax Asset (Net)</b>			171,701	-
4 <b>Current Assets, Loans and Advances</b>	VI			
a) Inventories		3,071,132,543		2,797,876,491
b) Sundry Debtors		3,302,807,833		3,544,602,030
c) Cash and Bank Balances		170,623,967		163,403,160
d) Loans and Advances		48,475,498		39,947,146
		6,593,039,841		6,545,828,827
Less : <b>Current Liabilities and Provisions</b>	VII			
a) Liabilities		1,420,999,073		1,203,941,977
b) Provisions		10,476,168		5,431,779
		1,431,475,241		1,209,373,756
Net Current Assets			5,161,564,600	5,336,455,071
			<b>5,610,095,669</b>	<b>5,815,007,408</b>

Significant Accounting Policies and  
Notes on Accounts  
As per our report of even date

XV

For and on behalf of the Board

**For A. N. DAMANIA & CO.**  
Chartered Accountants

**KUMAR C. BHANSALI**  
Managing Director

**ASHVIN DAMANIA**  
Proprietor

**NIRAV K. BHANSALI**  
Whole Time Director

**MAYANK R. MEHTA**  
Whole Time Director

Mumbai  
Dated: 11th August,2010

Mumbai  
Dated: 11th August,2010

**ANNUAL REPORT  
2009-2010**

**CLASSIC DIAMONDS (INDIA) LIMITED  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	Sche dules	CURRENT YEAR		PREVIOUS YEAR
		Rupees	Rupees	Rupees
<b>I INCOME</b>				
Sales	VIII	6,517,166,858		6,772,225,676
Other Income	IX	117,780,351		16,327,445
Increase / (Decrease) in Stock of Finished Goods	X	550,767,061		(665,372,525)
			7,185,714,269	6,123,180,596
<b>II EXPENDITURE</b>				
Materials Cost	XI	2,604,961,060		3,365,017,456
Purchase of Traded Goods		3,744,697,990		1,407,696,630
Payments to and Provision for Employees	XII	185,282,984		178,891,477
Manufacturing and Other Expenses	XIII	85,309,187		726,393,541
Finance Cost	XIV	335,790,391		341,490,365
Depreciation		52,768,862		57,441,152
			7,008,810,474	6,076,930,622
<b>III Profit Before Taxation</b>			<b>176,903,795</b>	<b>46,249,975</b>
<b>Less : Taxation</b>				
Income Tax			5,072,672	3,528,500
Deferred Tax			(2,343,943)	5,603,474
Fringe Benefit Tax			-	1,410,000
<b>IV Profit After Taxation</b>			<b>174,175,066</b>	<b>35,708,000</b>
Balance brought forward from earlier years			1,714,508,343	1,678,800,343
<b>Profit available for appropriation</b>			<b>1,888,683,409</b>	<b>1,714,508,343</b>
<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			1,869,094,865	1,714,508,343
			<b>1,888,683,409</b>	<b>1,714,508,343</b>
<u>Earnings Per Share - (EPS)</u>				
Basic			4.44	0.93
[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	
<b>For A. N. DAMANIA &amp; CO.</b> Chartered Accountants			<b>KUMAR C. BHANSALI</b> Managing Director	
<b>ASHVIN DAMANIA</b> Proprietor			<b>NIRAV K. BHANSALI</b> Whole Time Director	
			<b>MAYANK R. MEHTA</b> Whole Time Director	
Mumbai Dated : 11th August,2010			Mumbai Dated : 11th August,2010	

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**CLASSIC DIAMONDS (INDIA) LIMITED**

**Cashflow Statement for the year ended 31st March, 2010**

(Rs. In lacs)

Particulars	31st March,2010		31st March,2009	
<b>Cashflow from operating activities</b>				
Net Profit before tax		1,769.04		462.50
<b>ADJUSTMENTS:</b>				
Share of (Profit)/Loss from partnership Firm	(26.99)		(5.85)	
Rent income	(0.18)		(0.18)	
Interest income	(110.38)		(121.92)	
Exchange fluctuation	(2,512.61)		2,523.03	
Profit/Loss on sale of assets	(15.65)		6.53	
Depreciation	527.69		574.41	
Sundry Balance w/off (Net)	(0.25)		(0.51)	
Interest Expenses	3,056.67		2,969.73	
Provision for Doubtful Debts	-		-	
		918.30		5,945.24
<b>Operating Profit before working capital changes</b>		2,687.34		6,407.74
<b>CHANGES IN WORKING CAPITAL</b>				
Trade and other receivables	(1,012.19)		(3,233.55)	
Inventories	(2,732.57)		4,111.81	
Trade payables	5,780.80	2,036.04	(3,560.03)	(2,681.77)
<b>Cash used in operation</b>		4,723.38		3,725.96
Direct taxes		(83.89)		(176.60)
<b>Net cash used in operating activities (A)</b>		4,639.49		3,549.36
<b>Cash flow from investing activities</b>				
Rent income	0.18		0.18	
Purchase of Investments	-		-	
Sale of Investments	-		-	
Purchase of fixed assets	(86.35)		(118.68)	
Sale of fixed assets	4.61		71.61	
Investment in partnership	(132.68)	(214.24)	1,114.01	1,067.13
<b>(B)</b>		(214.24)		1,067.13
<b>Cash flow from financing activities</b>				
Increase in Capital	97.50		-	
Borrowings	(1,339.98)		(1,505.39)	
Interest (net)	(2,784.78)		(2,813.15)	
Payment of dividend	(1.23)	(4,028.49)	1.57	(4,316.98)
<b>(C)</b>		(4,028.49)		(4,316.98)
<b>NET CASH / CASH EQUIVALENT (A+B+C)</b>		396.76		299.51
Cash & cash Equivalent at beginning	1,205.86		906.35	
Cash & cash Equivalent at the end	1,602.62	396.76	1,205.86	299.51

As per our report of even date

**For A. N. DAMANIA & CO.**  
Chartered Accountants

**ASHVIN DAMANIA**  
Proprietor

Place: Mumbai  
Date: 11th August,2010

**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,2010

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**CLASSIC DIAMONDS (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**

	CURRENT YEAR	PREVIOUS YEAR
	RUPEES	RUPEES
<b><u>SCHEDULE : I</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b>Authorised :</b>		
75,000,000 Equity Shares of Rs. 2/- each	150,000,000	150,000,000
(Previous year 75,000,000 Equity Shares of Rs. 2/- each)		
<b>Issued, Subscribed and paid up :</b>		
39,220,000 Equity Shares of Rs. 2/- each	78,440,000	76,940,000
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.		
(Previous Year 38,470,000 Equity Shares of Rs.2/- Each) (Of the above shares 17,500,000 equity shares are allotted by way of bonus shares by capitalisation of reserves.)	78,440,000	76,940,000
<b><u>SCHEDULE : II</u></b>		
<b><u>RESERVES AND SURPLUS</u></b>		
<b>Share Premium</b>		
As per last Balance Sheet	76,410,002	76,410,002
Add : Optionally Convertible Shares allotted	8,250,000	-
	84,660,002	76,410,002
<b>General Reserve</b>		
As per last Balance Sheet	336,430,400	336,430,400
Add : Transfer From Profit and Loss Account	15,000,000	-
	351,430,400	336,430,400
Profit & Loss Account	1,869,094,867	1,714,508,343
	2,305,185,269	2,127,348,745
<b><u>SCHEDULE : III</u></b>		
<b><u>SECURED LOANS</u></b>		
<b>From Banks</b>		
Term Loan	148,530,216	269,013,401
(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) (Due within 1 year Rs.93,600,000/-)		
Working Capital Loan	3,077,681,584	3,337,786,314
(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	258,600	1,746,706
(Secured against hypothecation of Motor Cars) (Due within 1 year principal Rs.258,600/- & interest Rs. 13,048/-)		
	3,226,470,400	3,608,546,421

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**SCHEDULE : V  
INVESTMENT**

a) Capital Balance in Partnership Firm	(454,623)	(16,421,585)
b) Trade:		
Long Term (At Cost)		
Unquoted		
490,000 Equity Shares of Aarohi Diamonds Ltd (Company Under the same Management) of 1HK \$ each fully paid up (Previous year - 490,000 Equity Shares)	2,854,250	2,854,250
c) Non Trade:		
Long Term (At Cost)		
Quoted		
2,000,000 (Previous Year 2,000,000) Units of Rs 10 each of SBI Blue Chip-Mutual Fund. (NAV as on 31.03.10 Rs 28,200,000) (Previous Year Rs 15,300,000)	20,000,000	20,000,000
	22,399,627	6,432,665

**SCHEDULE : VI  
CURRENT ASSETS, LOANS AND ADVANCES**

**A CURRENT ASSETS**

a) <b>Inventories</b> <b>(As taken, valued and certified by the Managing Director)</b>		
Stores and Spares	2,796,762	2,347,290
Raw Materials	752,403,095	1,030,363,576
Finished Goods	2,315,932,686	1,765,165,625
	3,071,132,543	2,797,876,491
b) <b>Sundry Debtors</b> <b>(Unsecured, considered good unless stated otherwise)</b> Debts outstanding for the period exceeding six months :		
Good	1,402,626,109	1,783,620,462
Doubtful	483,796	5,363,483
	1,403,109,905	1,788,983,945
Less : Provision for Doubtful Debts	483,796	5,363,483
	1,402,626,109	1,783,620,462
Other Debts, Considered Good	1,900,181,724	1,760,981,568
	3,302,807,833	3,544,602,030
c) <b>Cash and Bank Balances</b>		
i) Cash on Hand	1,303,357	4,905,236
ii) <b>Balances with Scheduled Banks</b>		
In Current Accounts	3,820,198	5,089,000
In Fixed Deposit (Pledged with Bank)	159,686,689	148,165,519
In Margin Money	4,256,000	3,240,000
In Exchange Earners Foreign Currency Account (US \$ NIL (P.Y US\$ 1180))	-	60,168
Unclaimed Dividend Bank Accounts	1,244,821	1,366,739
ii) <b>Balances with Banks in Current Accounts</b>		
ABN Amro Bank (max.amt.o/s Rs31,741,436/-)	300,751	119,682
ABN Amro Bank (max.amt.o/s Rs.144,033/-)	-	144,033
ABN Amro Bank (max.amt.o/s Rs.16,154.191/-)	12,151	312,783
	170,623,967	163,403,160
<b>Total (A)</b>	6,544,564,343	6,505,881,681

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**B LOANS AND ADVANCES**

**(Unsecured, considered good)**

i) Advances recoverable in cash or in kind or for value to be received	19,893,087	12,183,974
ii) Loans to Employees	308,000	101,400
iii) Deposits	9,185,602	10,298,122
iv) Accrued Interest on Deposit	4,668,817	6,260,994
v) Taxation (Net of Provisions)	14,419,992	11,102,657

<b>Total (B)</b>	48,475,498	39,947,146
<b>Total (A + B)</b>	6,593,039,841	6,545,828,827

**SCHEDULE : VII**

**CURRENT LIABILITIES AND PROVISIONS**

**A CURRENT LIABILITIES**

i) Sundry Creditors	1,361,766,529	926,743,567
ii) Overdrawn Balance in Current Account with Scheduled Bank	10,362,402	73,861,021
iii) Due to Directors	21,055,595	20,454,251
iv) Unclaimed Dividend	1,245,119	1,367,521
v) Other Liabilities	26,569,428	181,515,616

<b>Total (A)</b>	1,420,999,073	1,203,941,977
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**B PROVISIONS**

i) Taxation (Net of Taxes Paid)	-	-
ii) Proposed Dividend	3,922,000	-
iii) Tax on Proposed Dividend	666,544	-
iv) Gratuity	5,887,624	5,431,779

<b>Total (B)</b>	10,476,168	5,431,779
<b>Total (A + B)</b>	1,431,475,241	1,209,373,756

**CLASSIC DIAMONDS (INDIA) LIMITED  
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**

**SCHEDULE: IV**

**FIXED ASSETS**

Sr No	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Additions during the year	Deductions	As at 31.03.2010	As at 01.04.2009	For the year	Deductions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Land (Freehold)	33,904,275	-	-	33,904,275	-	-	-	-	33,904,275	33,904,275
2	Building	379,386,691	-	-	379,386,691	126,848,343	24,363,471	-	151,211,814	228,174,877	252,538,348
3	Plant & Machinery	118,115,564	6,733,903	-	124,849,467	59,310,684	11,537,999	-	70,848,683	54,000,785	56,804,881
4	Weighing Machines	5,529,986	87,701	134,230	5,483,457	3,440,906	291,468	47,529	3,684,844	1,798,613	2,089,081
5	Furniture & Fixtures	131,915,440	12,600	2,608,134	129,319,906	76,300,953	9,833,969	1,189,099	84,945,823	44,374,084	55,614,487
6	Electrical Installations	29,062,354	287,614	526,581	28,823,388	13,673,954	2,107,874	238,966	15,542,861	13,280,527	15,388,400
7	Office Equipments	18,599,790	585,767	205,385	18,980,173	9,608,347	1,354,039	70,073	10,892,314	8,087,859	8,991,443
8	Air - Conditioners	13,321,801	20,000	150,000	13,191,801	7,409,774	816,546	73,039	8,163,281	5,038,521	5,912,027
9	Vehicles	20,648,731	-	-	20,648,731	15,224,968	1,404,212	-	16,629,180	4,019,551	5,423,763
10	Computer	16,746,431	69,050	81,968	16,733,513	14,091,892	1,059,285	61,942	15,089,235	1,644,278	2,654,539
	<b>Current year's Total</b>	<b>767,231,064</b>	<b>7,796,635</b>	<b>3,706,297</b>	<b>771,321,402</b>	<b>325,909,820</b>	<b>52,768,862</b>	<b>1,680,649</b>	<b>376,998,034</b>	<b>394,323,368</b>	<b>441,321,244</b>
	<b>Previous Year's Total</b>	<b>770,284,061</b>	<b>4,768,118</b>	<b>7,821,114</b>	<b>767,231,064</b>	<b>269,782,376</b>	<b>57,441,152</b>	<b>1,313,708</b>	<b>325,909,820</b>	<b>441,321,244</b>	<b>500,501,665</b>

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**CLASSIC DIAMONDS (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH, 2010**

	<b>CURRENT YEAR</b>		<b>PREVIOUS YEAR</b>	
	<b>RUPEES</b>	<b>RUPEES</b>	<b>RUPEES</b>	<b>RUPEES</b>
<b><u>SCHEDULE : VIII</u></b>				
<b><u>SALES</u></b>				
Sales		7,032,502,445		6,225,439,466
Exchange Rate Difference on Exports		(515,335,587)		546,786,211
		<u>6,517,166,858</u>		<u>6,772,225,676</u>
<b><u>SCHEDULE : IX</u></b>				
<b><u>OTHER INCOME</u></b>				
Interest Income (Gross) (TDS Rs.18,07,462/-; Previous Year Rs.26,12,983/-)		11,037,834		12,192,055
Rent		18,000		18,000
Profit / (Loss) on Sale of Assets		(1,564,550)		653,362
ERD on Others		(54,307)		626,953
Re-Assortment Charged Recd		218,507		-
Share of Profit in Rup Diamonds (Net of Tax)		2,699,138		584,871
Gain / (Loss) on Forward Contract / Options		77,594,633		-
ERD on Term Loan		26,599,684		-
Sundry Balance W/back (Net)		48,122		51,117
Miscellaneous Income		1,183,288		2,201,087
		<u>117,780,351</u>		<u>16,327,445</u>
<b><u>SCHEDULE : X</u></b>				
<b><u>INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS</u></b>				
Closing Stock		2,315,932,686		1,765,165,625
Opening Stock		1,765,165,625		2,430,538,150
		<u>550,767,061</u>		<u>(665,372,525)</u>
<b><u>SCHEDULE : XI</u></b>				
<b><u>MATERIALS COST</u></b>				
Opening Stock		1,030,363,576		776,602,265
Add : Purchases	2,631,093,164			3,132,342,619
Exchange Rate Difference on Imports	(304,092,584)			486,436,147
		<u>3,357,364,155</u>		<u>4,395,381,032</u>
Less : Sale of Rejection Diamonds (Including Exchange Rate Difference)		-		-
Closing Stock		752,403,095		1,030,363,576
		<u>752,403,095</u>		<u>1,030,363,576</u>
		<u>2,604,961,060</u>		<u>3,365,017,456</u>
<b><u>SCHEDULE : XII</u></b>				
<b><u>PAYMENTS TO AND PROVISION FOR EMPLOYEES</u></b>				
Salaries, Wages and Bonus		174,095,184		163,119,930
Payments to Directors		5,105,128		6,284,680
Gratuity		1,294,558		2,013,150
Contribution to Provident and Other Funds		3,331,351		5,112,510
Workmen and Staff Welfare Expenses		1,456,763		2,361,207
		<u>185,282,984</u>		<u>178,891,477</u>

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**SCHEDULE : XIII**

**MANUFACTURING AND OTHER EXPENSES**

Commission and Brokerage		196,890	104,724
Stores and Spares Consumed		8,017,236	10,609,220
Power and Fuel		11,695,202	15,635,198
Rent, Rates and Taxes		9,825,287	10,039,442
Repairs and Maintenance to :			
Building	1,421,673		1,947,603
Plant and Machinery	698,807		795,534
Others	2,389,384		3,390,360
		4,509,864	
Insurance Charges (Incl. ECGC Premium)		5,970,897	7,328,050
Labour Charges		9,554,709	120,949,830
Packing Materials Charges		131,382	183,774
Assortment and Valuation Charges		25,286	31,678
Freight and Forwarding		6,314,384	5,861,080
Postage, Telegram, Telex and Telephone Expenses		3,657,648	4,602,516
Travelling and Conveyance		3,557,959	6,486,889
Printing and Stationery		1,001,663	870,873
Licences, Registration and Other Fees		213,893	167,831
Sales Promotion Expenses		586,171	2,171,947
Advertisement		149,472	1,165,885
Auditors Remuneration		137,875	142,583
Legal and Professional Charges		13,940,219	6,031,046
Motor Car Expenses		573,436	567,898
Miscellaneous Expenses		4,668,753	6,067,461
Donation		557,852	1,276,251
Sundry balances written off (Net)		23,110	63,799
Cash Transaction Tax		-	95,797
Gain / (Loss) on Forward Contract / Options		-	450,359,108
ERD on Term Loan		-	69,447,167
		85,309,187	726,393,541

**SCHEDULE : XIV**

**FINANCE COST**

Bank Charges		30,123,267	44,517,789
Interest to Banks		283,564,844	276,275,230
Interest on Term Loan		22,102,279	20,697,346
Interest to others		-	-
		335,790,391	341,490,365

**SCHEDULE FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**  
**SCHEDULE XV**

**SIGNIFICANT ACCOUNTING POLICIES & NOTE ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. GENERAL**

- 1.1 The Accounts have been prepared on historical cost basis ignoring changes, if any, in the purchasing power of money.
- 1.2 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 includes 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**

	Rupees	Rupees
a) Income Tax Disputed in Appeal	-	(59,138,496)
b) Property Tax	429,884	-
c) <b>Guarantees given to bank and others:</b>		

Sr No.	NAME OF THE BANK	CURRENT YR. AMOUNT (Rs.)	PREVIOUS YR. AMOUNT (Rs.)
1	ICICI BANK	225,550,000	(357,630,000)
2	BANK OF INDIA	27,000,000	(20,500,000)
3	PUNJAB NATIONAL BANK	13,000,000	(19,500,000)
4	ABN AMRO BANK	50,000,000	(50,000,000)
	<b>TOTAL RS...</b>	<b>315,550,000</b>	<b>(447,630,000)</b>

**2. IN THE OPINION OF THE DIRECTORS**

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

**3. PAYMENTS TO AUDITORS:**

	Rupees	Rupees
a) Audit Fees	82,725	(82,725)
b) Tax Audit Fees	16,545	(16,545)
c) Certification Fees	38,605	(38,605)
d) Out of pocket expenses	-	(4,708)
Grand Total	137,875	(142,583)

**4. PAYMENTS TO DIRECTORS:**

	Rupees	Rupees
a) Salaries, Bonus and Allowances	5,586,548	(6,198,600)
b) Perquisites	573,436	-
c) Contribution to Provident and Other Funds	28,080	(28,080)
d) Sitting Fees	110,000	(76,000)
e) Gratuity	567,779	(568,635)
	<u>6,865,843</u>	<u>(6,871,315)</u>

**5. Managerial Remuneration:**

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

	Rs.	Rs.
Net Profit before tax	17,69,03,795	(4,62,49,974)
Add: (1) Managerial Remuneration	67,55,843	(62,84,680)
(3) Loss on Sale of Fixed Assets (If loss is more than original cost)	NIL	(24,33,913)
(4) Provision for Doubtful Debts	NIL	(NIL)
	<u>18,36,59,638</u>	<u>(5,49,68,567)</u>
Less: (1) Profit/(Loss) on Sale of Fixed Assets (Any profit above original cost)	NIL	(30,87,275)
Profit as per Section 198 of the Companies Act, 1956	18,36,59,638	(5,18,81,292)
10% of the above (See section 309 of the Companies Act, 1956)	1,83,65,964	(51,88,129)
Managerial Remuneration Paid	67,55,843	(62,84,680)
Excess Refunded	NIL	(10,96,551)

6. Prior period expense of Rs. 2,45,232/- and income of Rs.8,96,954/- [Previous year Prior period Expense of Rs. 320,285/- and income of Rs. 31,340/-] are debited / credited to Miscellaneous Expenses / Miscellaneous Income.

7. The company has made provision amounting to Rs. 58,87,624/- for gratuity and Rs. 6,54,734/- towards leave encashment payable to its employees as at 31<sup>st</sup> March 2010. 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)**

Particulars	Foreign Currency	Equivalent Indian Currency (Rs)	Purpose
Debtors	USD 2,615,000 (USD 23,954,471)	1179.10 (12,214.38)	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:

Particulars	Currency	Foreign Currency	Equivalent Indian Currency (Rs)
Debtors	USD (\$)	105,423,013.31 (81,801,194.49)	47,535.24 (41,710.43)
Other Assets	USD (\$)	2404.41 (9485.22)	1.08 (4.84)
Creditors	USD (\$)	60,137,630.73 (51,092,518.08)	27128.09 (26,103.17)
Banks	USD (\$)	82,75,332.44 (37,148,418.83)	3733.00 (18,979.13)

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

Name of the Firm : M/s. Rup Diamonds  
Total Capital of the Firm : Rs. 64,389,946/- (53,537,178/-)

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

	<b>Name Ratio (%)</b>	<b>Profit sharing</b>
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 LIABILITIES (NET):**

Major components of deferred tax assets and liabilities arising on account of timing differences as on 31<sup>st</sup> March, 2010 are mentioned below:

Particulars	As at 31/03/2010 (Rupees)		As at 31/03/2009 (Rupees)	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation	1,951,337	4,375,138	1,125,470	5,563,371
Provision for Gratuity	2,001,204		1,846,262	
Provision for Bonus	38,531		45,887	
Amalgamation Expenses	246,237	-	373,510	-
Provision for Doubtful Debts	164,442		-	
Leave Salary	145,088	-	-	-
<b>Total</b>	<b>4,546,839</b>	<b>4,375,138</b>	<b>3,391,128</b>	<b>5,563,371</b>
<b>Deferred tax (Asset)/Liability (Net)</b>	<b>(171,701)</b>		<b>2,172,243</b>	

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

Name of the Company	Rupees 31.03.2010	Rupees 31.03.2009
Aarohi Diamonds Ltd.	974,198,557	(234,399,872)
Armaan D&J DMCC	Nil	(135,431,107)

**14. RELATED PARTY DISCLOSURES:**

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

**A. List of Related Parties**

**i) Controlling Companies**

M/s. Rup Diamonds, M/s. Classic Gems, M/s. Pinky Diamonds, Comfort Investment Pvt. Ltd., Scholar Investment Pvt. Ltd., M/s. Lazer Mac, Coolair Finance and Investments Private Limited, Classic Jewellery Limited, Aarohi Diamonds Limited, HK , Aarohi Diamonds Private Limited, Nirmaan Money Exchangers Private Limited, Opulent Hotels Private Ltd., Diamax Investment and Finance Private Limited, Armaan Diamonds Private Limited, Classic Gems and Jewels Pvt. Ltd., Rupen Diamonds Pvt. Ltd., Armaan D & J DMCC.

**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. & Zubin Battliwala

**B. Transactions with related Parties:**

Nature of Transactions \\	Controlling Companies		Key Management Personnel & Relatives	
	Rupees	Rupees	Rupees	Rupees
1) Sales	2,360,254,155	(1,540,012,944)	-	-
2) Purchases	1,233,498,852	(712,540,230)	-	-
3) Rent Paid	135,000	(135,000)	-	-
4) Rent Received	18,000	(18,000)	-	-
5) Managerial Remuneration	-	-	5,692,407	(6,853,315)
6) Share of Profit/(Loss) in Partnership Firm (Net of Tax)	2,699,138	(584,871)	-	-
7) <u>Outstanding Balance</u>				
As on 31st March, 2010 :				
Due to Company	1,140,373,439	(1,299,963,005)	-	(96,112)
Payable by Company	-	-	20,884,594	(20,373,251)
8) Investment in Associate/Partnership Firm	2,399,627	(13,567,335)	-	-

**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.

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Sr. No.	Particulars	Diamonds		Jewellery		Eliminations		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A.	Revenues External sales (including exchange rate difference) Inter segment sales <b>Total revenues</b>	4,936,218,172	4,902,818,921	1,580,948,685	1,869,406,756	-	-	6,517,166,857	6,772,225,677
		<b>4,936,218,172</b>	<b>4,902,818,921</b>	<b>1,580,948,685</b>	<b>1,869,406,756</b>	-	-	<b>6,517,166,857</b>	<b>6,772,225,677</b>
B.	Results Segmental results <b>Add / Less:</b> Interest Paid Interest Received Profit on Sale of Assets Loss on Sale of Assets Unallocated incomes <b>Operating profit before tax</b> Income tax including deferred tax & earlier year tax adjustment <b>Profit after tax</b>	300,357,679	275,413,443	166,005,941	50,078,863	-	-	466,363,620	325,492,306
		-	-	-	-	-	-	304,779,346	296,973,576
		-	-	-	-	-	-	10,904,803	12,192,055
		-	-	-	-	-	-	-	3,087,275
		-	-	-	-	-	-	(1,564,550)	-2,433,913
		-	-	-	-	-	-	2,850,169	18,000
		-	-	166,005,941	50,078,863	-	-	176,903,795	46,249,973
		-	-	-	-	-	-	2,728,729	10,541,974
		-	-	-	-	-	-	-	0
		-	-	<b>300,357,679</b>	<b>275,413,443</b>	<b>166,005,941</b>	<b>50,078,863</b>	-	-
C.	Other Informations Segment assets Unallocated assets <b>Total assets</b>	6,760,254,644	6,702,937,696	1,690,392,473	2,062,186,657	-	-	8,450,647,116	8,765,124,353
		<b>6,760,254,644</b>	<b>6,702,937,696</b>	<b>1,690,392,473</b>	<b>2,062,186,657</b>	-	-	<b>8,652,391,361</b>	<b>8,937,957,863</b>
		-	-	-	-	-	-	-	-
D.	Segment liabilities Unallocated liabilities <b>Total liabilities</b>	1,253,015,742	1,231,737,264	1,762,390,692	1,869,391,417	-	-	3,015,406,434	3,101,128,681
		<b>1,253,015,742</b>	<b>1,231,737,264</b>	<b>1,762,390,692</b>	<b>1,869,391,417</b>	-	-	<b>6,268,766,092</b>	<b>6,733,669,117</b>
		-	-	-	-	-	-	-	-
E.	Capital employed	5,507,238,902	5,471,200,432	(71,998,220)	192,795,240	-	-	2,383,625,269	2,204,288,746
		6,778,236	1,579,626	561,300	3,188,492	-	-	7,339,536	4,768,118
F.	Capital expenditures	45,721,596	48,751,100	7,047,266	8,690,052	-	-	52,768,862	57,441,152
		-	-	-	-	-	-	-	-
G.	Depreciation	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
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>Rupees</u>	<u>Rupees</u>
a) Net profit available for equity shareholders (Numerator used for calculation)	174,175,066	(35,707,999)
b) <u>Weighted Average No. of Equity Shares</u> Basic (Denominator used for calculation)	39,220,000	(38,470,000)
c) Nominal Value of Equity Shares (Rs.)	2	(2)
d) <u>Earning per share</u> Basic	4.44	0.93

17.

a)	<b>Value of Import on CIF basis</b>	<b>Rupees</b>	<b>Rupees</b>		
	Raw Materials	1,870,995,273	(2,757,550,214)		
	Packing materials	-	(106,463)		
	Traded goods	1,152,109,158	(489,089,358)		
	Stores & spares	1,271,442	(3,733,580)		
	Capital goods	2,797,446	(568,657)		
b)	<b>Expenditure in foreign currency on account of :</b>				
	Travelling expenses	2,450,843	(4,338,639)		
	Membership & subscription	4,009	-		
c) I)	<b>Breakup of the value of raw materials consumed (including inter unit transfer) :</b>				
		<b>Rupees</b>	<b>%</b>	<b>Rupees</b>	<b>%</b>
	Imported	2,426,245,450	92.98	(3,141,819,255)	(93.36)
	Indigenous	183,320,829	7.02	(223,274,361)	(6.64)
		2,609,566,280	100.00	(3,365,093,617)	(100.00)
II)	<b>Breakup of the value of stores and spare part consumed :</b>				
		<b>Rupees</b>	<b>%</b>	<b>Rupees</b>	<b>%</b>
	Imported	1,856,224	23.15	(3,394,742)	(32.00)
	Indigenous	6,161,012	76.85	(7,214,479)	(68.00)
		8,017,235	100.00	(10,609,220)	(100.00)
d)	<b>Earning in foreign exchange</b>	<b>Rupees</b>	<b>Rupees</b>		
	FOB Value of Exports	6,706,602,159	(5,872,591,659)		
e)	<b>Licensed and installed capacity and production :</b>				
	<b>PARTICULARS</b>	<b>DIAMOND DIVISION</b>	<b>JEWELLERY DIVISION JEWELLERY</b>		
1)	Licensed Capacity	* 666,000 cts	105,000 Pieces		
	(As Certified by Management)	(666,000)	450,000 Gms		
			(105,000) Pieces		
			(450,000) Gms		
2)	Installed Capacity	* 204,000 cts	** 850,000 Gms		
	(As Certified by Management)	(204,000)	** (850,000) Gms		
3)	Actual Production	69,456.13 cts	372,297.34 Gms		
		(198,989.69) cts	(373,571.73) Gms		
*	Licensed and Installed capacity of diamond division is only in respect of EOU Unit of Surat Division.				
**	On Triple Shift Basis				
***	Including Goods Manufactured by Third Parties				

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f) **RAW MATERIALS CONSUMED:**

I	DIAMOND DIVISION	QUANTITY	VALUE IN RUPEES
	Rough Diamonds **	586,601.08 (629,791.63)	1,272,141,503 (1,824,909,647)
II	JEWELLERY DIVISION		
	Gold (Gms.)	128,154.15 (166,500.99)	194,656,613 (227,262,290)
	Polished Diamonds (Cts)	34,618.11 (57,665.01)	983,773,025 (1,253,565,229)
	Precious & Semi Precious stones (Cts.)	4,677.87 (2,325.36)	1,527,886 (651,303)
	Platinum (Gms.)	319.46 (48.20)	560,069 (89,923)
	Alloy (Gms.)	176,183.51 (260,936.34)	1,350,129 (2,020,659)
	Silver (Gms.)	32,645.62 (32,103.68)	681,317 (715,210)
	Mountings (Gms.)	89,413.32 (42,908.54)	145,521,807 (49,101,662)
	Gold Findings (Gms.)	8,812.49 (7,749.24)	9,322,657 (6,777,694)
	Silver Finding	542.14 -	31,273 -
			2,609,566,279 (3,365,093,617)
	Less : Inter Division Transfer		4,605,219 (76,161)
	<b>Total consumption</b>		<b>2,604,961,060 (3,365,017,456)</b>

**Note:** The consumption shown above has been arrived at on the basis of opening stock plus purchases 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, sales and closing stock of finished goods.

Description	Opening Stock		* Purchase		** Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		Rupees		Rupees		Rupees		Rupees
Fully processed	98,147.12	1,711,750,367	547,332.64	3,744,697,990.00	573,842.49	4,845,865,852	140,904.35	2,263,662,610
Polished diamonds (Carats)	(192,009.49)	(2,337,698,381)	(168,622.61)	(594,052,251.45)	(403,479.66)	(4,403,381,447)	(98,147.12)	(1,711,750,367)
Gold Jewellery Studded with Diamonds (Gms.)	17,461.20 (34,100.94)	53,415,258 (92,839,769)	- -	- -	369,667.93 (382,161.21)	1,721,961,097 (1,582,860,229)	16,844.62 (17,461.20)	52,270,076 (53,415,258)
<b>Total</b>		1,765,165,625 (2,430,538,150)		3,744,697,990 (594,052,251)		6,567,826,949 (5,986,241,676)		2,315,932,686 (1,765,165,625)

\* Includes Exchange Rate Difference

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

18. Figures in Brackets are in respect of previous year.
19. Previous years figures have been rearranged and regrouped wherever considered necessary to make them comparable with the current years figures.

**Signatures to Schedule I to XV**

**As per our report of even date**

For and on behalf of the Board

For A. N. DAMANIA & CO.  
**Chartered Accountants**

KUMAR C. BHANSALI  
**Managing Director**

ASHVIN DAMANIA  
**Proprietor**

Nirav K Bhansali  
**Whole Time Director**

**Mumbai**  
**Dated: 11<sup>th</sup> August, 2010**

MAYANK R. MEHTA  
**Whole Time Director**

**Mumbai**  
**Dated: 11<sup>th</sup> August, 2010**

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**BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

Registration No.	41541	State Code	11			
Balance Sheet	Date	31	Month	03	Year	2010

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	9750

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

Total Liabilities	5610096	Total Assets	5610096
<b>Source of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	78440	Net Fixed Assets	425960
Reserves and Surplus	2305185	Investments	22400
Secured Loans	3226470	Net Current Assets	5161565
Deffered Tax Liabilities (Net)	0	Deffered Tax Assets (Net)	172

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

Turnover	6517167	Total Expenditure	6904616
Profit Before Tax	176904	Profit After Tax	174175
Earnings Per Share in Rs.	4.44	Dividend Rate %	5.00

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

Item Code No. (ITC Code)	710231 - 01	Product Description	Cut & Polished Diamonds
Item Code No. (ITC Code)	711319 - 02	Product Description	Studded Gold Jewellery
Item Code No. (ITC Code)	710239 - 00	Product Description	Rough Diamonds

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 : 15th June, 2010



## 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 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.

**ATTENDANCE 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 Wednesday, 22 <sup>nd</sup> September, 2010 at 11.00 A.M. at Jamnalal Bajaj Seva Trust's Kamalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021
Name of the Proxy <b>(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**

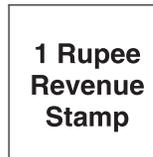
**Registered Office:** 1002, Prasad Chambers, Opera House, Mumbai 400 004.

**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 \_\_\_\_\_, 2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2010

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



**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.