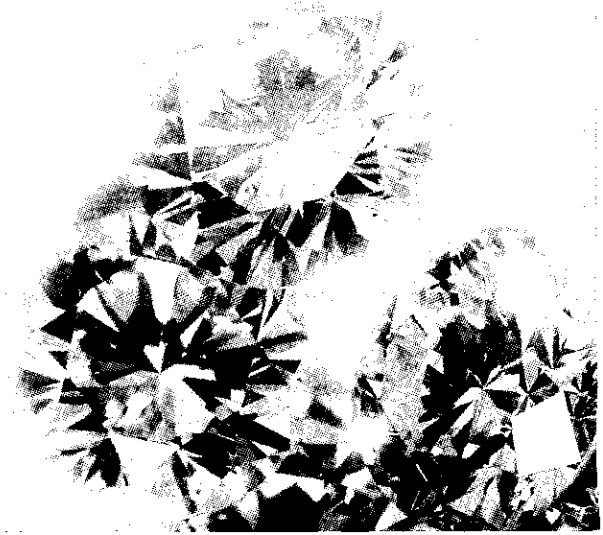


Classic Diamonds (India) Ltd.

24th Annual Report 2010-2011





**24th ANNUAL REPORT
2010-2011**

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



NOTICE

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

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

NOTES:

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

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



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

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

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

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

Item No. 2

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

Item No. 3

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

Item No. 4

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



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

Item No. 5

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

Item No. 6

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

BY THE ORDER OF THE BOARD

Kumar C. Bhansali
Managing Director

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

Dated: 11th August, 2011



DIRECTOR'S REPORT

To
The Members,

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

I. FINANCIAL RESULTS:

(Rupees in Lacs)

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

2. DIVIDEND:

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



3. LISTING ON NSE & BSE:

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

4. BUSINESS PROSPECTS:

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

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

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

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

5. FINANCE:

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

6. DIRECTORS:

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

7. AUDITORS:

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

8. CORPORATE GOVERNANCE:

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

9. FIXED DEPOSIT:

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

10. PERSONNEL:

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



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

The information pursuant to Section 217 (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 10689.65471 Lacks
Total Foreign Exchange earned	: Rs 30192.41217 Lacks

12. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm:

- ii that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for that period; that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

13. CAUTIONARY STATEMENT:

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

14. ACKNOWLEDGEMENTS:

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

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

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

BY THE ORDER OF THE BOARD

Mr. Kumar C. Bhansali
Managing Director

Mr. Nirav K. Bhansali
Director

Mr. Mayank Mehta
Director

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

Dated: 11th August, 2011



REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

2) BOARD OF DIRECTORS:

a) Composition and size of the Board:

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

b) Board Meetings:

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

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

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