

BOOK-POST



Classic Diamonds (India) Ltd.

26th Annual Report 2012-2013



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

**26th ANNUAL REPORT
2012-2013**

BOARD OF DIRECTORS :	<p>Mr. Kumar C. Bhansali Chairman & Managing Director</p> <p>Mr. Nirav K. Bhansali Whole-time Director</p> <p>Mr. Madhukar G. Patankar Director</p> <p>Mr. Nishikant S. Jha Director</p>
AUDITORS :	<p>M/s. Apte & Co. Chartered Accountants Resigned on 12th November 2013 and M/S JMR & Associates were appointed on 17th June, 2013 to fill the vacancy caused by resignation of M/s. Apte & Co.</p>
BANKERS :	<p>State Bank of India</p> <p>Canara Bank</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 Sixth Annual General Meeting of the Members of **CLASSIC DIAMONDS (INDIA) LIMITED** will be held at Suryodaya Banquets Pvt Ltd, Itamma's M.C Ghia Hall 4th floor, Bhogilal Hargovindas Bldg, 18/20, K Dubash Marg, Kala Ghoda, Mumbai 400001 on Monday, 23rd September, 2013 at 3.30 p.m. to transact the following business mentioned below:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2013 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To appoint a Director in place of Mr. Nirav K. Bhansali, who retires by rotation and has offered himself for being re-appointed.
3. To re-appoint of M/s. JMR & Associates, Chartered Accountant as the statutory auditor of the Company for the financial Year ended 2013-2014, 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 17th Sept 2013 to 23rd September, 2013 (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 background of the directors proposed to be appointed in the Notice are as follows:
8. Mr. Nirav C. Bhansali is the Whole-time Director of the company and has a vast knowledge of the diamond industry. He has virtually grown with the industry and is currently trying to garner new overseas customers for the Company.
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 31st March, 2005(2004-2005) has been transferred to the Investor Education and Protection Fund.
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 lose their right to claim such dividend. Members, who have not yet encashed their dividend warrant(s) for the financial year



ended 31st March, 2006 (2005-2006) 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.

BY THE ORDER OF THE BOARD

Kumar Bhansali
Managing Director

Registered Office:
Off Premises No 701,
7th Floor, Majestic Shopping Center Premise,
Co-operative Society Ltd,
J.S.S Road
Mumbai- 400 004

Dated: 15th July, 2013



DIRECTOR'S REPORT

To
The Members,

We directors of the Classic Diamonds are pleased in presenting Twenty Sixth Annual Report with the Audited Statement of Accounts for the financial year ended 31st March, 2013.

1. FINANCIAL RESULTS:

(Rupees in Lacs)

Particulars	Year Ended 31-Mar-13	Year Ended 31-Mar-12
1. FINANCIAL RESULTS		
Sales (Incl. Exch. Difference)	1009.76	22,554.93
Other Income	1141.56	606.59
Profit / (Loss) before Interest & Depreciation (A)	(18830.82)	1641.88
Less : 1) Interest	3885.83	5722.67
2) Depreciation	325.41	361.62
Total of Interest and Depreciation (B)	4211.24	6084.29
Misc items (C)	667.37	
Profit / (Loss) before taxation (A-B-C)	(23423.68)	(4442.41)
Provision for Taxation & Deferred Taxation	1417.02	1403.18
Profit / (Loss) after taxation	(25126.45)	(3039.23)
Bal in P & L Account brought/forward	16251.84	19291.08
	(8874.61)	16251.84
2. APPROPRIATIONS		
Proposed Dividend (Incl Tax)		
Transfer to General Reserve		
Balance carried forward	(8874.61)	16251.84
	(8874.61)	16251.84

2. DIVIDEND:

In view of Loss during the year the Management has decided to not to declare the dividend.

3. LISTING ON NSE & BSE:

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

4. CHANGE IN REGISTERED OFFICE OF THE COMPANY

During the year, the registered office of the company has been shifted from, 1002, Prasad Chambers, Opera House, Mumbai – 400004 to 701, Majestic Shopping Centre, Girgaum, Mumbai 400004 for better working.

5. FINANCE:

The Company's account where they were having limits with the banks has been declared NPA (Non Performing Assets) by the bank for non realization of export proceeds. The Directors of the company are trying their best to realize the export proceeds at the earliest.

6. DIRECTORS:

The Company currently has 4 Directors. The following is the list of Directors of the Company:



Name of the director	Designation
Kumar Bhansali	Chairman & Managing Director
Nirav Bhansali	Whole-Time Director
Nishikant Jha	Independent Non-Executive Director
Madhukar Patankar	Independent Non-Executive Director

7. AUDITORS:

M/s JMR & Associates, Chartered Accountants will retire at the conclusion of the Annual General Meeting and eligible for re-appointment. The company has obtained 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 confirming 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 kind of deposit during the financial year 2012-2013 under Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

10. PERSONNEL:

During the financial year 2012-2013 no employee of the company has drawn the remuneration 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 disclosure 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 as under:-

A. CONSERVATION OF ENERGY

As the company does not fall under the list of industries which requires to furnish information in Form A relating to conservation of energy, the same is not furnished.

B. TECHNOLOGY ABSORPTION

The Company's manufacturing unit is set up with the ultra modern plant and machineries, with the latest and energy savvy technologies. As and when the need arises the Company will upgrade the technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information regarding foreign exchange earnings and outgo is given below:

Total Foreign Exchange used	: Rs Nil
Total Foreign Exchange earned	: Rs 66427275.00

12. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed except AS 11 "The Effects of Changes in Foreign Exchange Rate"
- That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for that period;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That they have prepared the annual accounts on a going concern basis.

**13. CAUTIONARY STATEMENT:**

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

14. ACKNOWLEDGEMENTS:

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

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

Kumar Bhansali
Managing Director

Nirav Bhansali
Director

Registered Office:

Off Premises No 701,
7th Floor, Majestic Shopping Center Premise,
Co-operative Society Ltd,
J.S.S Road
Mumbai- 400 004

Dated: 15th July, 2013

**REPORT ON CORPORATE GOVERNANCE**

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

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The essence of Corporate Governance lies in its transparency, its efficiency lies in its ability to protect the stakeholders' interest. Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholders value and discharging of social responsibility. The Company remains accountable to shareholders and other stakeholders for its actions. The Company conducts its activities in a manner that is fair and transparent to all stakeholders.

2) BOARD OF DIRECTORS:**a) Composition and size of the Board:**

The Board has a required combination of Executive, Independent and Non- Executive directors as per the Listing Agreement. The Board is chaired by an Executive Director and total strength of the board was of 4 Directors as on 31st March, 2013, Comprising of 1 Whole time,/ Executive Directors, 1 Managing Director and 2 Independent Directors.

b) Board Meetings:

Name of Directors	Category of Directors	Board Meetings attended during 2012-13	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	07	YES	1	NIL
Mr. Nirav K. Bhansali	Whole-time Director Executive	07	YES	1	NIL
Mr. Mayank Mehta (Resigned w.e.f. 10.5.2012)	Whole-time Director Executive	0	NO	NIL	NIL
Mr. Yogesh K. Kaji (Resigned w.e.f. 10.5.2012)	Director Non-Executive Independent	0	NO	NIL	NIL
Mr. Madhukar Pantankar	Director Non-Executive Independent	07	NO	NIL	NIL
Mr. Nishikant Jha	Director Non-Executive Independent	07	NO	NIL	NIL

8 Board Meetings were held at Mumbai during the year under review. The Board Meetings were held on 10th May 2012; 30th May 2012; 30th July 2012; 3rd September 2012; 14th August 2012; 14th November 2012; 14th February 2013. 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 28th September, 2012 by the Directors, together with the number of their Directorships and Memberships of the SEBI-designated Board Committees of other companies are as follows:

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


c) Shareholding of Non-Executive Directors as on 31st March, 2013:

8 Board Meetings were held at Mumbai during the year under review. The Board Meetings were held on 10th May 2012; 30th May 2012; 30th July 2012; 3rd September 2012; 14th August 2012; 14th November 2012; 14th February 2013. 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 28th September, 2012 by the Directors,

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

Note:

The number of shares held by Mr. Yogesh Kajli includes 5,000 shares held by Mrs. Kalpana Y Kajli.

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 28th May 2012; 13th August 2012; 9th November, 2012 & 7th February, 2013. The composition, names of the members, chairperson of the meeting and attendance of the members during the year are as follows:

Sr. No.	Names of Members	Designation	Category of Director	Attendance at Meeting
1.	Mr. Nishikant Jha	Chairman	Independent Non-Executive.	4
2	Mr. Madhukar Patankar	Member	Independent Non-Executive.	4
3.	Mr. Kumar C Bhansali	Member	Managing Director	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. Nishikant Jha is the Chairman of the Committee. The Committee has been authorized to determine the remuneration package for any Executive Directors as well as remuneration payable to the non-executive Directors from year to year.

The Remuneration Committee has met once during the year on 21st March, 2013. The composition of the committee is as follows:



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

Details of Remuneration to the whole time directors and Non-Executive directors for the year ended 31st March, 2013 are as follows:

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

Director	Relationship with other Directors	Business Relationship	Sitting Fees	Salary/ Perquisites/ Gratuity	Contribution To P.F.	Total
Mr. Nishikant Jha	None	Directors	10,000	-	-	10,000

Remuneration Committee should consist of atleast 3 Independent directors. To the extent the company as not complied with schedule XIII of the companies act, 1956.

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-In-time 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 5th April, 2012; 7th July, 2012; 5th October, 2012 and 4th January, 2013. 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 2012-2013
1.	Mr. Kumar C. Bhansali	Chairman	Non-Independent Executive.	4
2.	Mr. Nishikant Jha	Member	Independent Non-Executive	4
3.	Mr. Nirav K. Bhansali	Member	Non-Independent Executive	4

Details in respect of Compliance Officer:

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